

INUIT INVESTMENT STRATEGIES IN NORTHERN DEVELOPMENT; THE CASE
OF THE MAKIVIK CORPORATION IN NORTHERN QUEBEC

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ABSTRACT

The evolution of alternative development theories and practices, and options for a modern economy in northern Quebec, are described within the context of some major socio-economic strategies that have been advanced for northern Canada over the two decades since the late 1960s. The distinctive features and investment policies of the major Inuit controlled development organizations in northern Quebec, but in particular The Makivik Corporation, are presented as a way of assessing the generally positive impacts of these innovative organizations on the regional political economy following the signing of the James Bay and Northern Quebec Agreement in 1975. Some speculations are made concerning the roles of Native development organizations and the most important components of future development scenarios.

RÉSUMÉ

L'évolution des théories et des pratiques alternatives en développement, ainsi que les options pour une économie moderne dans le nord du Québec, sont décrites dans le contexte de certaines stratégies socio-économiques importantes qui ont été avancées pour le nord du Canada durant les deux décennies depuis la fin des années 1960. Les caractéristiques distinctives et les politiques de développement et d'investissement que les principaux organismes de développement contrôlés par les Inuits dans le nord du Québec, et en particulier la Corporation Makivik, sont présentées dans le but

d'évaluer les impacts positifs de ces organismes innovateurs sur l'économie politique régionale après la signature de la Convention de la Baie James et du nord du Québec en 1975.

Quelques spéculations sont faites en regard du rôle joué par les organismes inuits sur le développement et les aspects les plus importants du scénario de développement futur.

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List Of Acronyms

COPE	Committee For Original Peoples' Entitlement
DINA	Department of Indian and Northern Affairs
FCNQ	Federation des coöperatives du Nouveau-Quebec
IDC	Inuvialuit Development Corporation
JBNQ	James Bay and Northern Quebec Agreement ("Agreement")
KRDC	Kativik Regional Development Council
KRG	Kativik Regional Government
MDC	Metis Development Corporation
MTPA	Ministere des travaux publics et des approvisionnements
NDC	Native Development Corporation
NEDP	Native Economic Development Program
OPDQ	Office de planification et de developpement du Quebec
SHQ	Societe d'habitation du Quebec
YIDC	Yukon Indian Development Corporation

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Prologue

The North is becoming a new reality, in whose creation Native people are the crucial participants. A reality, however, that is burdened with all the contradictions that dozens of boom-and-bust economies and ageing structures, scores of false starts, and a century or so of exploitation have devised.

But having been excluded from the direction of most of these earlier ventures, Native people should not allow new ones to be announced without their full participation. If the North is truly at a historic juncture, northerners must insist on a different present, and a future which begins with fresh concepts--but which does not deny familiar cultural philosophies and values.

The future North is unlikely to be a utopia. However it could be a place where there is a creative economic tension, and a careful balance between the possible and the real; something that only can be accomplished in an environment which is stimulated by innovative approaches to building contemporary structures and institutions.

Native people's understanding of their history, and their real life experiences, not only have undoubtedly taught them to trust each other, but have also given them a patient outlook and a fundamental optimism towards their future. This should stand them in good stead as they negotiate their own destiny, and as they contribute to the collective prospects of all Canadians in the development of the North.

Chapter I

STRATEGIES IN NORTHERN DEVELOPMENT IN CANADA SINCE THE LATE 1960s

A. The Research Problem and Framework

From the late 1960s onwards the northern part of North America has undergone the most significant social, political, and economic transformation in its history. In just two decades vast oil, gas, and mineral deposits were discovered and exploited in Greenland, Alaska, and Canada; the political organization of governments was substantially changed with the introduction of various forms of decentralized, and in some cases ethnically based, governments in Greenland and in parts of Canada; the North American Arctic became a focal point for strategic, geopolitical, and environmental concerns; and everywhere in the North the indigenous peoples were beginning to make substantial progress in the negotiation of land claims settlements, and the related issues of aboriginal rights and self-government.

This thesis reviews some of the major reference points in the political economy of northern Canada, and northern Quebec since the late 1960s, and within this framework assesses the development and investment strategies followed by several Inuit-controlled organizations, with the focus on the Makivik Corporation (see Figure 1.1 for reference areas).



B. The Historical and Modern Economies

Before Europeans came to northern Canada the economy was one of subsistence based on the harvesting of renewable resources that provided food, clothing, and shelter for the Native peoples. Contact and eventually trade with European whalers, with fishermen, and with traders and missionaries introduced Native people to new technologies. Undoubtedly this process set the stage for gradual changes in the traditional Native economy, culture, and value systems and for the erosion of communal and collectivist attitudes to property and even affected the use and management of wildlife resources.

The fur trade was followed by the extraction of minerals, and coincidentally, by the progressive incursions of churches and various government bureaucracies and private concerns into the northern regions. The fundamental political economy of the North did not change radically until the 1940s and 1950s when the impacts of military-related construction, expanded and improved communications and transportation networks, and the exploration and exploitation of non-renewable resources began to be experienced by Native peoples. These once nomadic people gradually began to be gathered into communities where they could receive some of the social services found in the rest of Canada, notably health, education, and housing. They and their traditional economy were gradually exposed to the various "isms" of capitalism and consumerism, and eventually stateism and welfareism.

The modern economy has been driven by the exploration for, and exploitation of, non-renewable resources. During this modernization period the renewable resource sector did not exist--or at least largely was unknown or simply underdeveloped. The contemporary economy has been noted for its unstable character due to the volatility of non-renewable resource markets which are largely controlled by national and international events and decisions. With regard to other sectors of the economy, governments--directly or indirectly through their numerous agencies--have continued to support a relatively large and stable service sector. Secondary manufacturing is practically unknown.

From another perspective the modern internal economy in the North has been divided into a number of sectors: a hunting, trapping, and fishing economy, in which practically the only participants are Native people; a wage economy that is a northern extension of the southern economy in which both a growing number of Native people and mostly transient non-Native people participate; a welfare economy which is for the most part Native; and finally, an informal economy of trade and barter in which all residents participate. The interaction of these four productive sectors in the North can best be described as a mixed economy (Rea 1976).

C. The Strategies Of Northern Development--A Very Researched
Theme: 1968-1987

During the past two decades a broad range of alternative development strategies for northern Canada have been advanced by independent policy organizations, by the federal and territorial governments, by some of the provinces, and in the mid-1980s especially, by Native and international non-governmental organizations. The studies and policy statements reviewed here were selected to illustrate both the commonality and the variety of themes and proposals that were advocated, and because they may help identify some of the significant trends for the future development of the North.

The Institute of Social and Economic Research, Memorial University of Newfoundland, issued the results of a conference/workshop held in 1968 to consider the relevance for Newfoundland and the Canadian Arctic of certain international alternative social and economic development strategies (Freeman 1969).

Among the conclusions reached was the need to create new forms of institutional structures to test the usefulness of appropriate-technology concepts. Above all, it was recognised that development strategies must adapt technological and social innovations to the indigenous societies in the North, rather than attempt to adjust existing social and cultural norms to a technology that has evolved elsewhere.

It also was argued that speculations concerning the "high" potential of non-renewable resources had perhaps worked against the rational development of renewable resources which had a more predictable value.

The economic base of the communities may well have to be an intensification and diversification of the present trends--namely, renewable resource harvesting, cottage-style industries...We see the need for a continuing exploitation of renewable resources for sound economic, as well as medical and social reasons...the cost of producing country food is generally quite low...there is a ready market, and there is an available technology (Freeman 1969:69-71).

The report concluded that whatever development path was followed would have to be ecologically oriented because of the vulnerability of northern biological, social, and cultural systems.

In 1972 the Federal Government presented a long-awaited policy statement of its plans, priorities, and northern development strategy for the 1970s (Chretien 1972).

The government acknowledged the impact of the growth, in size and scope, of its role during the more than two decades since the end of World War II. During this same period the emphasis had moved from military matters, to social programs, to non-renewable resource developments, and then to environmental concerns. The reordering of the government's priorities in the early 1970s and the setting of its plans for the future, were a consequence of a need to "...allay the present acute anxiety of northern peoples and to guide the orderly development of resources" (Chretien 1972: 272).

Seven major goals for northern Canada were adopted by the government. They were all closely related to the general perception of Canada's national goals and interests at the time. The goals are listed below,

1.To provide for a higher standard of living, quality of life, and equality of opportunity for northern residents by methods which are compatible with their own preferences and aspirations.

2.To maintain and enhance the northern environment with due consideration to economic and social development.

3.To encourage viable economic development...so as to realize the development projects' potential contribution to the national economy, and the material well-being of Canadians.

4.To realize the potential contribution of the northern Territories to the social and cultural development of Canada.

5.To further the evolution of government in the northern Territories.

6.To maintain Canadian sovereignty and security in the North.

7.To develop fully the leisure and recreational opportunities in northern Territories.

(Chretien 1972:272-273)

The policy statement indicated a significant shift of government priorities towards three main components of northern development: Native people, viable economic development, and the environment. However, it was not clear how the governments' goals concerning viable economic development in the north were to be linked with the aspirations of Native peoples.

The new policy was based largely on the perception that world demand for non-renewable resources was growing rapidly

and the expectation that the economic future of the North was "in the ground", so to speak. It was taken for granted that the exploitation of non-renewable resources such as oil and gas would develop the North and, at the same time, significantly add to the overall wealth of Canada (Chretien 1972:272).

In 1974 the Canadian Council on Rural Development initiated an analysis of the political economy of Canada's mid-North. In launching the study the Council expressed concern that the basic incoherence of the federal government's regional economic programs, i.e., the separation of social and economic realities, not be repeated in the mid-North. The Council emphasized that "Economic and social development are inextricably interwoven; together they constitute one single indivisible development process aimed at serving fundamental human purposes" (Canadian Council on Rural Development 1976).

Given the complexity and magnitude of the problems, provincial governments agreed that unique development efforts were required in the mid-North. To reduce the dangers of conflicts between governments, their bureaucracies, and northerners, the Council proposed an approach that was described as a "locally based development strategy" in which economic and social development is carried out through community structures. This new approach was urged as an alternative to traditional interventions that required the long-term presence of governments in unproductive maintenance and welfare roles.

A key principle of the strategy was the involvement of local organizations and structures in all major development decisions, and in some cases, more local control in the North than was found in southern communities. Another principle proposed was that balanced development, which was locally controlled and self-supporting, also must occur at the pace and over a sufficient period of time required to develop new values and new skills, and to initiate new local government and other institutions (Canadian Council on Rural Development 1976:105-107).

In the mid-1970s the Science Council of Canada examined the history of development in northern Canada within a policy-making and objective-setting framework. One of the Council's initial studies focussed on the evolutionary aspects of development and the historical performance of social decision-making systems (Rea 1976). Although limited by a lack of consideration of some important developments in the field of health and education, and by the increasingly crucial roles of native organizations, this broad study suggested some pre-conditions to finding solutions to the issues of whether the North should be developed and if so, when, how, for whose benefit, and by whom (Rea 1976:227).

The study asserted that if development was defined as the establishment of self-sustaining economic activities in the North, the historical record indicated that development for most of the region was far in the future. The kind of industrial

development projects that already had occurred in the North had not encouraged development of satellite industries, they were typically capital-intensive rather than labour-intensive, they frequently required imported and transient specialized labour, and they had created few local business opportunities.

Although in the past technology, labour, and capital had all been largely controlled from outside the region, at least three forces were identified which eventually might be expected to weaken this external control: one was the extraordinary growth of the service sector; another was the decentralization of public administration to the North; and the third was the emergence of Native groups, environmental protection agencies, and other policy-oriented special-interest organizations.

The immediate impact of these trends was the likely increase in employment and business possibilities for northern residents. But it also was speculated these trends would lead to greater northern participation in the regional political and decision-making process if for no other reason than the latent bargaining power of Native and other northern public interest groups to effectively block large-scale development projects proposed by external business and government interests.

The Science Council's main study of northern development, begun in 1973, took place in an environment when social and political perceptions were beginning to mature in step with the pace of the very large projects that were emerging: e.g., the formal negotiations of land claims in the

James Bay area of northern Quebec, the filing of a caveat to large portions of the N.W.T. by the Indian Brotherhood, and the exploration of the role of comprehensive, systematic, and publicly funded environmental impact assessments for all mega-projects in the North.

In the 1977 final report the Council acknowledged its largely vicarious experience in the North, and admitted to a substantial evolution in its thinking during the three-and-a-half-year study process (Science Council of Canada 1977). In particular, the Council came to realize that they had over-emphasized the positive impact of mega-projects, and that smaller projects had a critical role to play in the development of the North.

The Council's principal contribution to the formulation of a northern, economic development policy clearly was in helping to build credibility for a strategy of mixed development in the North. It was asserted that such a strategy should try to incorporate the best elements of two historical development trends. The first trend was towards dependence on large-scale non-renewable resource projects while the second was towards smaller-scale development focussed on renewable resource activity.

According to the Council, a policy of mixed development would require sensitivity to traditional patterns of land use, recognition of the low biological productivity of the North, and the all-important role of public, and especially Native,

participation in the assessment and monitoring of projects. In this connection the Council stressed the need for projects that would have as their eventual goal the economic and social self-sufficiency of northern peoples, meaning an emphasis on local goal definition and control, local materials and resources, local products labour, and capital, and the use of appropriate technology.

The Mackenzie Valley Pipeline Inquiry was established in 1974 to consider the social, environmental, and economic impact of a gas pipeline and energy corridor across the northern Territories, and essentially down the Mackenzie River Valley (Berger 1977).

The Inquiry was conducted against a background of two distinct views of the North: one, as a frontier which should be exploited industrially for the benefit of all Canadians; the other, as a homeland of the Dene, Inuit and Metis which was also a unique environmental heritage, and which ought to be developed in an orderly and peaceful manner.

The main recommendations of the Inquiry were that, on environmental grounds, no pipeline and no energy corridor should be built across the northern Yukon. Although feasible from an environmental point of view, it was recommended that a pipeline down the Mackenzie River be postponed for ten years to allow for a settlement of land claims. Broad recommendations also were made that reflected the Inquiry's conviction that non-renewable resources were not necessarily the sole basis of

the northern economy in the future. The advantages of development in the renewable resource sector and other parts of the Native economy were emphasized, including the benefits of permanent jobs provided in logging and sawmilling, in the management, harvesting and processing of fur, meat and game, in fishing and in recreation, conservation, and other related activities. These ventures were considered amenable to local or regional control, and were seen to offer a spectrum of life-style options and job opportunities that would have great potential for being environmentally sound.

It was assumed that new institutional structures such as Native development corporations and cooperatives would be established as a result of land claims. Although these northern corporations could play a part in the economic activity generated by large-scale projects as opportunities occurred, it was expected that they would more naturally undertake ventures in the renewable resource sector. Native organizations also would likely seize on opportunities to participate in the management of enterprises that could be undertaken locally and regionally, i.e., economic development activities related to traditional experience and values, and based on skills that Native people already have acquired or that can be developed and used within the community. Such a strategy, it was argued, would reduce the vulnerability of the northern economy to the boom-and-bust cycles of the past, and

would lead progressively to a more self-sufficient community-based economy.

The Alaska Highway Pipeline Inquiry was established in 1976 to report on the socio-economic impacts of a proposed gas pipeline from Alaska through southern Yukon to markets in the U.S., to solicit and consider the attitudes of Yukoners towards the project, and to make recommendations concerning the appropriate conditions under which the project might proceed (Lysyk, Bohmer, Phelps 1977).

The inquiry concluded that the distribution of anticipated costs and benefits of the pipeline project would impact negatively, and in an unacceptable manner, on all Yukoners. Most of the economic benefits would accrue to the project sponsors, to the external markets for the gas, or to people, largely from outside the Territory, who would be directly associated with the construction of the pipeline. From an economic standpoint it was concluded, therefore, that the transfer of money both from the project sponsor and from the federal government to institutions controlled by Yukoners was the most efficient means of reallocating the expected unequal concentrations of benefits and costs.

Directly related to the question of transfers of financial resources to Yukoners was the Yukon Indian land claim issue. The inquiry's recommendations made it clear that the settlement of land claims should be a precondition for proceeding with the project. Beyond that, however, it was

recognized that a settlement would clear the way for other economic developments that might be financed from outside the Territory. In addition, the transfer of substantial financial and land resources, as well as other specified rights, to Native control would itself provide a strong and lasting benefit to the entire Yukon society.

The 1986 study by the Economic Council of Canada of Newfoundland and Labrador illustrated some of the major perplexities encountered in formulating development strategies for the less developed and remotest regions of Canada (Economic Council of Canada 1980). In words that might also describe the Canadian North, the Council summed up the difficulties of evaluating social and economic progress by pointing out the paradoxes of extremes encountered in their study.

Newfoundland...has poverty, but...most families own their own homes, and an unusually large percentage of its workers are self-employed. It has the countries (SIC) highest unemployment rate, in spite of the fact that relatively few people participate in the labour force. It is isolated from the rest of Canada, and its people and government retain a strong sense of pride and independence, yet they depend heavily on transfer payments. Hence the human condition in Newfoundland may be a good deal better than is indicated by economic statistics alone (Economic Council of Canada 1980:xi).

When putting forward their recommendations, the Council referred to an earlier statement in Living Together: A Study of Regional Disparities (1977). There the Council had reiterated its view that the individual's well-being was ranked

before that of regions or provinces. The Council continued to place a strong emphasis on reducing regional income and unemployment disparities; they justified their concerns by stressing the desire to provide equality of opportunity for all young people, so that youth would not be automatically disadvantaged by their place of birth. In instances where development decisions hinged on a choice between lowering unemployment or raising incomes, the Council clearly opted for lowered unemployment.

In summary, the Council found that Newfoundland (like the North) had become disturbingly dependent on transfer payments from the rest of Canada. The solution to economic and social problems did not lie in increasing these global payments to the province, but in raising the efficiency and, above all, the self-sufficiency of Newfoundland's economy and of its people.

Late in 1982, the Royal Commission on the Economic Union and Development Prospects for Canada was established "to inquire into and report upon the long-term economic potential, prospects and challenges facing the Canadian federation, and its respective regions..." (Royal Commission on the Economic Union and Development Prospects for Canada 1985).

The Commission identified the expeditious settlement of aboriginal land claims and the issue of Native self-government as the two crucial institutional questions that had to be resolved as a precondition for all aspects of orderly northern

development. In introducing the results of a Commission-sponsored seminar on northern Canada, the study group found in the northern environment,

...reduced to their essence, many of the questions that have arisen throughout our history: the rights of small peripheral communities to survive, autonomy and self-preservation versus the rights and claims of the majority community, ecology versus economic growth, individual versus community rights (Whittington 1985:xv,xvi).

The Commission outlined two essentially contradictory scenarios for northern development. The traditional view was based largely on non-renewable resource (i.e. hydrocarbon) extraction and processing, combined with a heavy dependence on enhanced education and training for Native people, and a strong government sector to provide employment. The other view focussed on the strengths and uniqueness of the northern economy, the persistence of traditional Native lifestyles, and the desire of Native peoples to live in their own communities. This latter view emphasized the need for structural accommodations between the Native and western economies, to meet the needs of the northern populations while at the same time integrating (not assimilating) the North and its people into the national political economy. It was acknowledged that,

...the engine that forces the pace of political and constitutional development is the need of the southern economy for the resources of the North...development must proceed within the context of the rights of the people who view the North as a homeland, not a hinterland (Royal Commission...Canada:7).

In addition, development changes must take account of those northerners who have indicated a wish to fashion for themselves a culturally different society founded on collective rights and a different social value system rather than on individualism, which is more fundamental to southern political-economic philosophy. The traditional and "informal" economy should be built into economic models of the North, and at the national level, the harvesting and commercialization of wild game should be viewed as a complement to the other sectors in the North in the same way that agriculture is viewed vis-a-vis the industrial sector in the South. Education and training of northerners should be a priority, and it should not be limited strictly to preparing Natives for entry into the wage economy, but should also assist them in improving the yield and sustainability of the traditional sector (Royal Commission...:18).

An Advisory Committee of the Government of Ontario released the results of their study of resource communities of northern Ontario, an area they defined as representing over 80% of the land mass of the province, yet containing less than 10% of the population (Government of Ontario 1986).

The study concluded that major political and public commitments by the people of Ontario would be necessary to support government policies that would treat the North differently from the rest of Ontario. On this point the Committee had been most impressed by the degree of

decentralization and local control that existed in the north of Sweden, and the positive psychological effect that this had on the outlook and the philosophy of community leaders.

As a further elaboration on the subject of regional and community self-sufficiency, the Committee stated that planning agencies should pay due respect to quality-of-life considerations and to the social implications of proposed development initiatives and that certain types of government assistance should be tied to demonstrated community commitment to, and involvement in, the projects being implemented.

In 1986 the Yukon Government initiated a comprehensive planning process intended to provide a basis for economic development into the 1990s (Government of Yukon 1986). After an initial series of community workshops and conferences, consensus was reached on fundamental goals for the future of the Territory.

1. The primary development goal should be to insure that Yukon remained a desirable place to live, and that there be stable opportunities for people to support themselves in their own communities.

2. New means and ways of dealing with external development forces should be explored and changed if necessary to provide for greater control over future development by Yukoners. Important dimensions of this development component included community-based institutions, higher levels of

ownership within the Territory, and greater political and economic autonomy.

3. An acceptable quality of life should be maintained and enhanced by a development strategy which took into account the right to make individual choices. For some, individual well-being could mean full involvement in the wage economy, for others the knowledge that renewable resources will continue to provide opportunities for a non-wage lifestyle. Quality of life also included other dimensions such as the availability of social services, and the link between development needs and maintaining the quality of the environment.

4. The final goal was that a strategy should enable the disadvantaged part of the Yukon population--women, Indians, youth and the aged--to participate on equal terms in future development opportunities.

In 1986 the World Commission on Environment and Development met in Canada in preparation for the production of its final report to the United Nations in the spring of 1988 (Environment Canada 1986). A recurrent theme that appeared in the presentations made by northern and Native groups was that the settlement of land claims was expected to provide Native peoples with important opportunities for social, cultural and political development, but that so far they had failed to solve the problems of community-level integration into the southern economy.

One main reason cited was that developments initiated in the hinterland largely for the benefit of industrialized and urbanized central Canada frequently had a disruptive effect on that part of the northern economy that is territorially or regionally organized, and on the community-centered subsistence and informal economy. Consequently, alternative development policies must recognize the potential of renewable resources to make a more significant contribution to the northern economy. Renewable resource developments included "country food" businesses, sports hunting, guiding and naturalist tours, and crafts production from wildlife by-products, as well as the wise management and harvesting of wild game.

The Inuit Circumpolar Conference (ICC) considered a set of principles in 1986 that might provide the foundation for eventually establishing a comprehensive Arctic policy (Inuit Circumpolar Conference 1986). The underlying thesis was that Inuit should directly promote development policies and practices that would encourage peaceful co-existence, protection of the environment, and the use of appropriate and safe technologies in the Arctic regions. With reference to economic development, specific actions proposed were:

1. Attaining economic goals through promoting circumpolar regional, national and international cooperation.

2. Recognizing that an alarming socio-economic gap continues to widen between Inuit and non-aboriginal populations, and that lack of economic activity and chronic

unemployment are major contributors to social problems in northern communities.

3. Actively promoting Inuit self-reliance and breaking the cycle of excessive dependency on government programs through an economic development strategy that takes into account regional, national and international conditions, and also education and training needs.

4. Developing a balanced and diversified northern economy, which accommodates and promotes a mixed wage and subsistence economy.

5. Establishing a viable foundation for community-based development through job-intensive economic initiatives, both in the public and private sector, fostering effective organizational networks, and providing adequate infrastructure such as community animation, technical support, and business and management training.

6. Maximizing cooperation among different local economic entities by encouraging Inuit cooperatives.

7. Establishing principles to guide the conduct of private enterprises doing business in the Arctic regions, related to Inuit training and management development programs, job and contract opportunities, accommodation of Inuit family responsibilities and subsistence lifestyles, and the promotion of technologies appropriate to the North

(Inuit Circumpolar Conference 1986:43-47).

D. Prospects For Future Federal Government Developmental Policies

By the mid-1980s it had become clear that the federal government needed to re-examine its 1972 strategy and priorities in the light of contemporary social, political and economic realities. The 1972 policy had been adopted in a period of high economic growth when the North appeared to be on the verge of rapid development. In the mid-1980s there was greater public concern about sovereignty, the increased military activity of foreign powers in and under Arctic waters, and a reduced concern about security of energy supplies. Although environmental protection was still viewed as a priority, it was generally expected that mechanisms and practices had been put in place over the previous fifteen years to permit non-renewable resource projects to proceed in an environmentally acceptable manner.

In the social/political field the question of aboriginal rights had assumed a higher public profile and understanding among Canadians. In addition the common interests and concerns of Natives were being considered and promoted internationally by a variety of organizations as diverse as the United Nations and the World Council of Indigenous Peoples.

The previous two decades had also witnessed a political, social, and economic transformation within the North. The Territorial governments, and the many new Native institutions established under the terms of land claims settlements such as

the James Bay and Northern Quebec Agreement, had gradually assumed many provincial-type responsibilities. In the Territories Native organizations had reached final agreement on one out of seven comprehensive claims being negotiated, and a complex process was underway that might transform the N.W.T. into two new political entities, each of which would reflect geographic, cultural, social, and economic differences between the Eastern and Western Arctic (Morrison 1983, and Indian and Northern Affairs Canada 1984).

The role of Native people in the North had also changed substantially since the early 1970s. Natives were actively involved in the political life of the Territories, and in the N.W.T. they had attained a majority in the elected Territorial Council. Native organizations throughout Canada had matured; one indication of their national status and their progress was their direct participation in constitutional conferences with the First Ministers.

During the years leading up to the 1990s decisions were being made and the following major issues were being considered which would determine not only the North's long-term place in the Canadian federation, but also how northerners would be governed, what would be the nature of their political economy, and how southern and northern minorities and majorities would treat each other.

1. Federal Responsibilities

At the heart of all the issues was a fundamental fact: the federal government would always have a special stake in the northern regions and in the future of the Native populations.

The powers of both Territorial governments had become almost as broad as those of any provincial government, and they had decisive roles in the fields of education, local government, property and civil rights, direct taxation, wildlife resources, and economic and social development. But there were good reasons for the federal government's continuing stake in the North; i.e., that the Arctic regions were increasingly the centre of international attention because of broad-range national issues including security, environmental and conservation problems, the prospect of enormous development projects such as oil and gas in the Beaufort Sea, and the diversion of rivers and export of water to the U.S.

Nevertheless it was recognized the transfer of more, or even the remaining, provincial-type responsibilities to the North would be a major step forward in terms of recognizing that the North was the unfinished part of Canadian nation-building. In particular, the devolution of responsibilities for renewable and non-renewable resources might provide northerners with the tools and the financial opportunities for economic development, while at the same time giving them the final responsibilities to seek solutions and set priorities within budgets that were defined by elected governments in the North.

2. Settlement of Land Claims and Self-Government

The settlement of comprehensive land claims and the thorny and related questions of self-government, after nearly a decade and a half of negotiations, remained two of the most fundamental issues to be resolved.

Claims settlements were expected to provide the long-range financial resources required to maintain a traditional way of life, to control the management and development of northern resources, and to provide a basis for initiating new economic ventures. Settlements also were seen as being equally important for non-Natives because they could pave the way for the transfer of provincial-type responsibilities to the North, helping to create a climate of certainty for industry with regard to Territorial legal and regulatory regimes, and clarifying the sharing of powers between Natives and non-Natives.

3. Economic Reforms

Since the 1970s the driving forces of economic growth in the North had been the rapid increase in government expenditures and related employment, oil and gas exploration fueled by business tax-incentive schemes such as the Petroleum Incentive Program, and to a lesser extent renewable resource exploitation and tourism. Forecasts for the period leading into the 1990s were for a very different scenario.

Government expenditures were not expected to continue at the same pace, mining would continue but would provide less

employment because of greater international competition, and oil and gas developments were very uncertain. As a consequence, tourism and the commercialization of the renewable resource sector were expected to play relatively more important roles in providing employment for a rapidly growing population.

4. Population Pressures

When viewed against the generally unfavorable economic prospects for the North, the situation of the Native population had been likened to a demographic time bomb---about to explode!

The overall population of the Territories, for example, had grown to about 76,000 by 1986, an average annual increase of 4.4% since the 1950s. This was about twice the national average. In the mid-1980s unemployment rates in many northern communities were already among the highest in Canada. The situation clearly pointed to an impending crisis: 50% of the Native population was under 20 and just on the verge of entering the labour force. In contrast, more than half of the non-Native group were in the 20-45 age category and they occupied the highest technical and professional positions. The short-term possibility of replacing non-Natives with Natives in these positions was limited because of the generally low educational and training levels of Natives, and because of their wide dispersion in the smaller communities.

Moreover the rapid growth in the labour markets, which had been stimulated by high rates of government and private investments in the years leading up to the early 1980s, had

simply evaporated as a result of factors such as sharply reduced oil, gas, and mineral prices, and widespread governmental concerns about budgetary deficits. There was clearly no room for the rapidly growing Native labour force to readily fit into long-term government or industry jobs, which were held by non-Natives. Nor was there room for expansion in labour force sectors such as public administration, non-renewable resources, and transportation and communications which, for over two decades, had provided a much higher percentage of employment opportunities than the national average, (e.g., up to 40% of the labour force in the Territories was employed by governments compared to the national average of approximately 20%) (Robitaille and Choiniere 1987).

5. Economic Prospects

During the 1960s and 1970s mining and hydrocarbon exploration had become particularly important sources of employment and income. But by the mid-1980s it was evident that worldwide economic conditions would not permit these major resource industries to generate the activity they had in the past.

As mentioned earlier, government expenditures had for decades been the main stimulus driving the northern economy to higher levels of employment and economic output. Much of the money had been spent on raising public services to national standards throughout the widely scattered settlements. The per-

capita costs of these services were high compared to national averages due to the small size of the communities, the great distances involved, and the severe climate. In spite of the high relative costs, equivalent national social standards in the North had not been reached, and many serious social problems had persisted. This was especially true for the Inuit of northern Quebec (Indian and Northern Affairs Canada:1984).

Tourism and the commercial use of renewable resources were expected to play a larger role in providing jobs for the Native population. Although Native people had traditionally placed great reliance on hunting and fishing for food and other necessities in times of reduced employment, it was recognized that these subsistence activities could no longer be pursued without some cash income being available. High-quality "country" foodstuffs had already begun to enter the Canadian and international specialty food markets, but it was apparent that Canada was far behind other northern nations in the organized development of renewable resources. In addition there was beginning to be a general appreciation that much more could be accomplished within certain communities, or to meet regional needs. Import substitution by means of local agriculture, greenhousing and other small business opportunities, such as the use of local materials for house construction and crafts, were examples of what could be done.

6. The Better Use Of Government Resources

The gap between government expenditures on, and revenues from, the North was expected to grow rather than decrease for the foreseeable future mostly because of the demographic trends, rising expectations and real socio-economic needs, and reduced revenues from oil, gas, and mining activities.

Constraints at all levels of government resulted in a need to determine whether existing government resources could be used more effectively, and whether there were alternative ways of providing government services. For example, consideration could be given to focussing resources on the expansion of local economies by means of redirecting government programs to support small businesses, tourism and renewable resource developments, decentralizing government services to communities, and initiating affirmative action programs to achieve more and better representation of Native people in the government bureaucracy.

However, even if some success were to be achieved by more effectively using government resources, there was virtually no prospect that the northern economy would yield sufficient revenue to provide the fiscal base necessary for the political institutions and the socio-economic services Northerners were demanding. Large-scale government funding was therefore expected to be an on-going requirement for the future.

7. Some Future Options

In the mid-1980s the Federal Government could be perceived as having at least three slightly different, and overlapping options available to it.

One development option was to proceed cautiously on the basis that the northern economy was in a recession, the Territorial governments did not have the resources or experience to take on new and more complex responsibilities, and claims settlements and self-government issues could be delayed until there was greater consensus within the Native and non-Native communities.

The second option was essentially that the government would continue to respond to northern initiatives with respect to such things as Native claims, the devolution of further provincial-type responsibilities, and the division of the N.W.T. Normal levels of funding for the Territories would continue, but fiscal support would be reviewed continuously to insure that the money was being used more effectively.

The third option was to involve the government in actively promoting the political and economic development of the North. This would require the government to take a firm lead in the evolution of northern public governments, resolving land claims pragmatically as opportunities presented themselves, and advising and assisting in the negotiations for the division of the N.W.T. This option would assign a high priority to putting in place the necessary framework policies

that could smooth the way for the eventual major resource developments that are expected in the future (e.g., settling land claims, developing integrated resource management structures). In addition, this option would put more immediate emphasis on building a stable local economy based on small business, community-level development, renewable resources, tourism, and the training of northerners.

E. Commentary

This review has attempted to highlight the evolution of actual progress in the Canadian North as a series of development steps. For the sake of simplicity these could be traced from the earliest stage of exploration (e.g., Martin Frobisher) to the stage of "bureaucratization" (e.g., the growth of Territorial governments) and to the stage of "negotiations" (e.g., land claims and self-government) which was one of the main characteristics of contemporary mid-1980s development in the North; particularly in northern Quebec as a result of the James Bay and Northern Quebec Agreement (JBNQA) (Indian and Northern Affairs Canada 1979).

Against this broadly (and somewhat arbitrarily) painted background, the past two decades of northern strategic planning seemed at first glance to have been nothing more than of a series of largely intellectual exercises. However, the policy statements reviewed herein have often accurately and eloquently analyzed problems and possibilities, and resulted in conclusions and recommendations in a manner that suggested that

consensus and agreements were achieved. It therefore can be postulated that the planning process, since the mid-1970s especially, generally reflected an acceptable level of public participation regarding the formulation of development goals and processes in northern Canada.

Nevertheless, one major criticism of the development process described above is that there appears to have been very "...little attention given to the hard work of plan implementation and goal fulfillment. Indeed, the latter measures appear to have been both technically too formidable and politically too hazardous to be seriously undertaken" (Rea 1976:232).

Another important shortcoming found in much of the socio-economic planning of the two decades from 1968 until now was that they had not often enough addressed community and regional problems and opportunities of primary concern to northerners, and they had not provided useful information and knowledge that northerners needed to deal with the priorities that they were defining. The end result was that northern residents generally had not had an adequate influence in determining socio-economic development priorities, or sufficient voice in planning and using the resources allocated by central governments to deal with local and regional development issues.

However, specific trends have been identified in the policy studies outlined above that may become important

components, and indeed objectives, of future development strategies in the North. They include:

(a) The importance and the influence of international events and decisions--especially in the circumpolar regions;

(b) The expanding role of non-governmental organizations, Native and non-Native, in promoting principles of international peaceful ecodevelopment and co-operation;

(c) The significance of public/private economic ventures and new organizational forms, with regard to enterprise development;

(d) The emphasis on community-based decision making and local self-sufficiency;

(e) A mixed economy based on both wage employment and a traditional renewable resource economy; and

(f) The continued search for reliable indicators of well-being reflecting standards of living that are determined by Native people.

Given past experience and the lack of concern in the general population and in the ten federal, provincial, and Territorial governments with northern development responsibilities, it is perhaps unrealistic to hope the central authorities will cooperate to the extent of devising a harmonized plan or a set of measurable national goals for northern development in Canada. Nevertheless, the possibilities of this happening are likely to increase in direct proportion to real devolution of decision-making authority to the northern

regions (and even to the community level) and to the successful completion of the negotiations for aboriginal claims and Native self-government.

Toward the end of the 1980s the knowledge gained from understanding the historical economy of the North, combined with an analysis of the results of development strategies advocated during the past two decades, seemed to provide a planning framework within which the status of northern peoples, and the effectiveness of the social and economic institutions that are supposed to serve them, could be correlated and evaluated.

Chapter II

An Economic Overview Of Northern Quebec

A. Introduction

Quebec embraces, both in area and intensity, the most northern megaregion of Canada outside the Territories. Approximately one-fifth of the Canadian Inuit live there and the federal government is more firmly established there than anywhere else in the provincial north. Furthermore, Quebec was the first province to set in motion a broad administrative apparatus, rather than a government department, designed to serve its northern territory....Finally, Quebec signed an agreement with her Cree and Inuit in 1975, related to the gigantic James Bay project announced in 1971 (Hamelin 1979:157).

During the course of a long period--from 1600 through to about 1960--the administration of northern Quebec displayed several prominent characteristics. These included:

1. The influence of "outside" institutions, e.g., exploration and whaling in Hudson Bay and the coastal waters, the activities of the Anglican, Moravian, and Catholic missions, and the trading posts of the Hudson's Bay Company, Revillon Freres, and other independent trading organizations;

2. The influence of the federal government from Confederation onwards, e.g., scientific expeditions, especially geological, and the impacts of projects such as the first International Polar Year 1882-83, the inauguration of a Northern Administration Branch in 1922 (to be followed eventually by a full-fledged department of the North in 1954),

the initiation of the Eastern Arctic Patrol in 1922, and the building of military bases and radar sites in the 1940s and mid-1950s; and

3. The sporadic and relatively late interventions of the provincial government, even though exclusive federal government jurisdiction of northern Quebec ended in 1912 when the District of Ungava was transferred to the Province of Quebec. Although several provincial government departments were active in the North after the war years, carrying out topographic and geological surveys, wildlife preservation measures, and water inventories, by and large their presence impinged more on the physical territory than on the people.

The 1954 intervention of the provincial government in organizing the town of Schefferville signified the beginning of the province's involvement in the administration of her own North and its population. Because state interventions (both federal and provincial) in socio-economic matters were greatly extended in the decade after 1960, that year marked the end of a traditional way of life for the Inuit--wholly founded on a subsistence economy and a nomadic life-style based on natural resources. That date also denoted the end of private missionary predominance in social services, schooling, and health care.

In the years after 1960, Northern Quebec evolved from a long period of relative under-administration to one of full-scale development and the incursions of not only the federal and provincial governments, but also a number of large para-

governmental organizations such as the Hydro-Quebec Corporation. The 1960s were a decade of tension between the two levels of government, as Québec implanted various structures of its own in the North, beginning with the replacement of the RCMP by the Quebec Provincial Police in 1960, the establishment of the Direction Générale du Nouveau Québec (DGNQ) in 1961-63, and culminating in 1971 with the announcement of the James Bay Hydroelectric project. That announcement set off a chain of events that resulted in a radical socio-economic and political change in northern Quebec.

During the 1970s and 1980s much of the stress between the federal and provincial authorities decreased, and in many administrative areas was replaced by an atmosphere of collaboration. This situation was the practical result of the transfer of progressively more administrative services from the federal to the provincial government, and the establishment of many new municipal and regional structures, such as the Kativik Regional Government (KRG), under the James Bay and Northern Quebec Agreement (JBNQ) (Hamelin 1979, Francis 1983).

B. A Human Geographic Profile

Northern Quebec is an enormous region, covering about one half of the province's total area. The area covered by the James Bay and Northern Quebec and the Northeastern Quebec agreements is 1.08 million Km² (Figures 1.1, and Government of Canada 1987). Because the territory extends over twelve degrees of latitude the variations in its climate,

vegetation, and general topography are considerable, and thus have a major impact on all human activities, and consequently on the economy of the region. 1

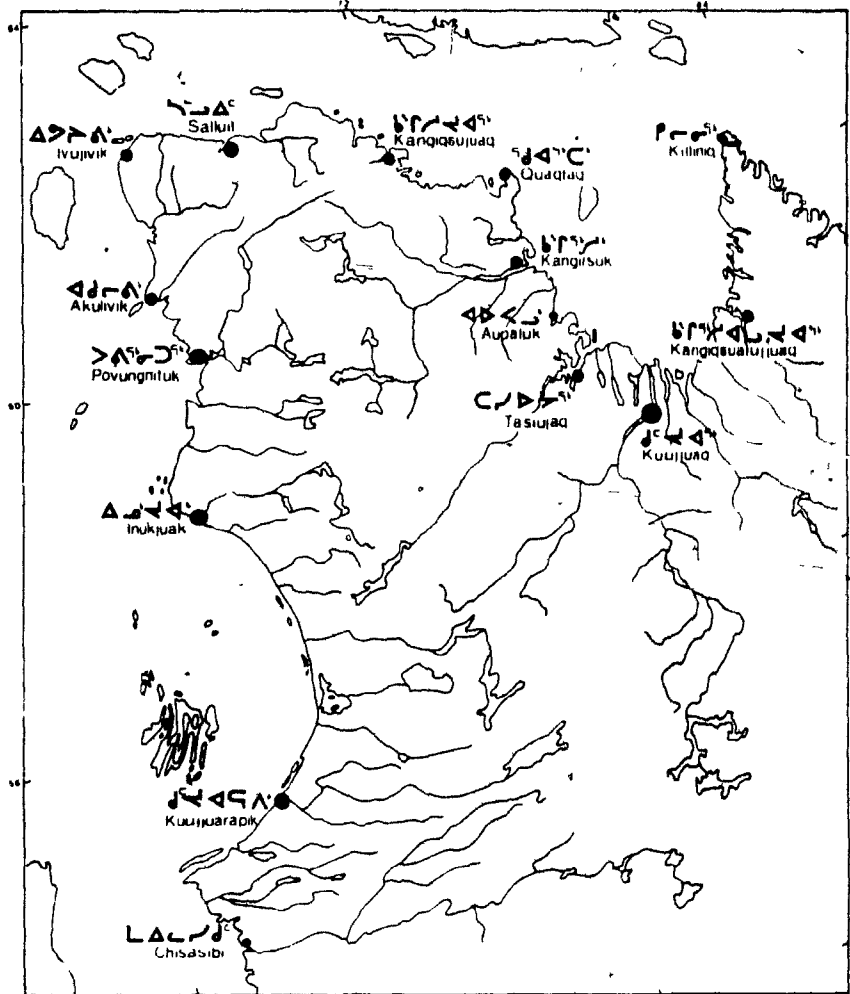
In 1987, 90% of the relatively small population of about 6,000 were Inuit, sparsely distributed along the coastal areas in fourteen communities ranging in size from 200 or fewer inhabitants to over 1,000 in the Kativik Region "capital" in Kuujjuaq (Robitaille and Choiniere 1987; and Figure 2.1). The demographic features of the Inuit population were significantly different from those of Quebec as a whole. More than 50% of the population were under 20 years of age, and because of improved health-care conditions in the past twenty years, the birth rate was about twice the provincial average (resulting in a yearly average increases of over 3% in the number of beneficiaries under the Agreement in the early 1980s). Overall socio-economic conditions were reflected in life expectancy rates significantly lower--61 years in 1981--than the 75 years applicable to the total province.

The Inuit labour force (the 15-64 age group) represented 49% of the total population; this was well below the 70% of the total Quebec population in the labour force. In this type of population profile, and as a result of a significant predictable increase in the 15-64 age group during the late 1980s, there was a serious need to create jobs in the region, particularly for women and young people. The alternatives were higher unemployment rates, more social problems, and the

Figure 2.1
Inuit Communities Of Northern Quebec
 (Source: Makivik Research Centre, Kangiqsuaq)

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Inuit Communities of Northern Québec



possibility that more and more of the population might move and live outside the region (as about 10% were reported doing in the 1981 census).

C. Early Experiences-Early Enthusiasms

With the establishment in 1954 of the Department of Indian Affairs and National Resources, Canada had served notice of a substantially greater interest in her northland than had previously been the case. Included in the Department's primary objectives were the development of small businesses based on renewable resources, the development of income-producing skills, mainly in the Inuit population, the promotion of culturally oriented activities, and the introduction of education systems and training that would assist northern people in developing control, ownership, and management of northern business enterprises.

Aside from such political aims as maintenance of law and order, defence, and the establishment of Canadian sovereignty, the government reasoned that its increased involvement in the North would provide the,

...infrastructure needed for developmental exploration, and would lead to an industrial base established around mineral resources... such action would, it was expected, absorb a northern population expanding through improved health care and educated to fit the requirements of a vastly increasing government bureaucracy....

It was believed that defence needs, too, would absorb northern people into employment, and a welfare distribution programme would take care of the rest, except for the few who continued to live a traditional lifestyle....

While considerable effort and money was spent by government and by industry on seeking to identify, locate and assess the non-renewable wealth of the north, very little was being done to determine the extent and potential usefulness of its renewable resource base (Snowdon 1982).

The imbalances in research priorities in the 1950s and 1960s were to have devastating residual effects when the urgent need arose for assessments to try to determine the social and economic impacts of the many megaprojects proposed throughout the Canadian North during the 1970s. Nevertheless, in the mid-1950s the federal government's northern objectives contained many experimental and even unique development policies and strategies, based on the following priorities:

1. The acceptance of a comprehensive approach to local development, which recognized that in few areas of the North would a single resource provide the base for a viable local economy but that the use of all resources in combination could greatly increase the viability of many northern communities.
2. The systematic tabulation of those resources.
3. The introduction of locally-based enterprises that could make optimum use of the skills, knowledge and traditions of local people while introducing financial, technical and capital resources that they lacked.
4. The creation of an informed, involved northern citizenry who would control and manage their own local resources and the economic activities resulting therefrom.

5. The creation of a market economy, based firstly on using local resources to meet local needs, secondly on developing a resource-exchange program within and among northern regions and thirdly on creating an external market demand for surplus products or for northern products created or processed for those markets (Snowdon 1982: 79-80).

Some of these initial policies soon became firmly embedded in a new tradition of Native involvement in economic development activities; some were temporarily lost in the shuffle of government priorities created by the "southern" vision of large-scale industrialized non-renewable resource developments, including the James Bay Hydroelectric development; and some re-emerged in the 1980s when they were modified to fit the new needs of the North.

Throughout the 1950s and 1960s, there appeared to be a general understanding of the risk factors involved in the introduction of new economic and community development systems in the North, and the respective roles of the northern communities and the governments.

...If local people were prepared to take risks through the applications of their own energies, skills and creativity it was incumbent on government to take risks related to financing, creation of appropriate technologies and systems, design and marketing.

...Together these components provided what seemed to involve northerners and southerners alike a solid base for local development, requiring and worthy of considerable refinement through expanded experience (sic). There was at the time, a refreshing lack of structural options that had to be considered enabling people to concentrate on what should be done and on how it could best be done, rather than interjecting

structural and organizational considerations as matters of prime substance (Snowdon 1982:80-81).

Some of the successful development systems that were undertaken from the mid-1950s onwards, (such as the cooperative movement), were to become quite prominent in the economic reality of the contemporary North.

D. The Evolution of the Inuit Subsistence and Wage Economies

Among the earliest records of the Inuit cash economy were the social aid payments--an annual average of \$10. per inhabitant--made by the federal Department of Indian Affairs from 1930 onwards. The start of a national system of family allowances, and the inclusion of Inuit after 1948, resulted in a substantial and systematic increase in Inuit family cash income. By 1948-51 the average annual per capita income for Quebec Inuit was estimated at \$90, made up of \$30 from family allowances, \$25 from trapping, \$20 from government aid, and \$15 from local employment. Developments related to military defence during WW II, and the Cold War which followed, plus the improvement in social, education and medical services attracted increased population movements into the settlements, where wage paying jobs were available (Jenness 1964).

By the early 1960s the average annual incomes of individual Inuit had increased substantially, especially for those who could benefit from the commercialization of crafts and other activities organized by the rapidly expanding cooperative movement. For example at Povungnituk in 1962 the per capita income of \$493 included \$249 from the cooperative

(for harvesting wildlife), \$98 in government wages, \$74 from the Hudson Bay Company and private wages, \$57 from allowances, and only \$15 from social assistance (Vallee 1967). At this early stage in the evolution of Inuit developmental systems in Quebec, the incredible early success of cooperatives had reduced government agencies to a distant second rank as a source of Inuit income.

Particularly in the 1970s, many activities of the federal and provincial governments promoted policies that were intended to divert the Native populations from a lifestyle founded on renewable resources to an economy based on wage or salaried labour. The assumptions underlying many of these policies were at least implicit,

...in educational priorities, the programs of the Department of Manpower [concentrated] on job training, life-skill courses and upgrading, the encouragement of natives to man the public service, and the preparation of departmental strategies to insure Native priority in northern employment deriving from the development of non-renewable resource exploitation such as pipeline construction, petroleum development or mining (La Rusic 1976:1).

A great deal of energy was directed at trying to assure that the northern populations were aware of, and trained or educated for, the many employment opportunities which were expected in the wage-labour market, while at the same time prospective employers were given detailed information on the available Native work-force.

The assumptions inherent in these programs did not appear to have been a concern of the policy makers, even though

a quick examination of population and geographic data on the northern communities would have illustrated clearly some of the major problems associated with building a northern Native economy based primarily on wage labour. In presenting data on the Northwest Territories (but which could quite easily have been substituted by data from northern Quebec) La Rusic examined the difficulty of directing any potential labour-force which lived in numerous small communities to a job-market which existed only in a very limited number of northern communities.

One is catering to an extremely scattered work-force living in settlements which have limited inter-community transport links. The size of the individual labour pools is reflected in the size of the communities. Forty-two of the settlements in the Northwest Territories, that is two thirds of the communities, have less than 500 population. Over half have less than 300.

If we take all communities with less than 1,000 population there is a potential labour force of about 6,000. Yet at present in these communities only about 2,000 people have either wage or salaried jobs either full or part-time. Of that 2,000 jobs, half are held by Whites.

In most cases there will continue to be very limited potential in these communities for local employment in other than the service sector or the government (La Rusic 1976:4).

During the 1970s it appeared to many observers that the potential for government employment outside of the major administrative centers was quite limited, that the internal community economy was either negligible or largely a matter of "taking in each others wash", and that the nature of construction work and non-renewable resource exploitation tended to be seasonal at best. The net result of this

development process appeared to be that there was little demand for specialized trade or administrative skills among the resident population, and that those who wished to participate in the wage economy would almost certainly be faced with having to migrate to various job-sites, and switching to other activities, such as the subsistence economy, in the off-season.

If there was no significant contribution to small community economies from continuing subsistence activities, the Native populations would likely face substantial social problems caused by long periods of idleness between wage employment, or the dislocations inherent in periodic migrations outside the community for work, or the continuous dependance on social welfare or unemployment insurance. It was speculated by La Rusic that amelioration of the small community employment picture could be accomplished in large part by developing policies that would favour a symbiotic relationship between the wage and the subsistence economies. Greater employment of the population's "free-time" in the subsistence economy was considered highly beneficial not only so that Native people could fill their days productively, (so to speak), but also to improve their diet, and to encourage the notions of community development, and even volunteerism.

The importance and extent of the wildlife harvesting lifestyle among Natives eventually became one of the basic arguments of the many court cases that lead up to the James Bay and Northern Quebec Agreement. Nevertheless the underlying

assumptions and actual research results pointed to some interesting conclusions concerning the realities of local Native economies.

On the one hand renewable resource activities such as fur harvesting were not considered to be a very effective way of earning cash. For example various studies in the 1970s had shown the per capita wild-fur production in Canada was only about \$2000 per annum for the estimated 10,000 trappers involved. On the other hand the extensive research undertaken pertinent to the population of northern Quebec indicated that subsistence activities represented a significant contribution to the small community-based economies. As one study reported,

...On a per capita basis which accounts for differing (food) needs according to age (consumption units), the potential daily intake of native food for the entire population was 3.6 pounds of meat per consumption unit per day. With this amount of meat, one can estimate at a gross level, a daily energy intake of 2,000 kilocalories and a protein intake of 400 grams per day. Under these conditions, approximately 80 percent of the food energy from native foods would be derived from protein (La Rusic 1976:11 and Native Harvesting Research Committee 1975).

Salisbury (1972:50-51) considered the problem of estimating the value of country food replacing food from commercial sources, and arrived at a figure of \$1.50 per pound of country food. Using this figure to calculate the cost of substituting quality protein from commercial sources, the imputed value of the Inuit harvest in the northern Quebec communities was between \$3.75 to \$7.5 million--or equivalent to

5000-10,000 man-months of work at \$800 per month. By any standards this had to be considered a substantial input to community economic development!

The many research projects undertaken in the North clearly demonstrated not only that the importance of the Native subsistence economy had been seriously underestimated by government policy makers, but also that the quality of the information base being used to establish the importance of this activity also was useful for broader socio-economic and ecological research purposes (Brody 1975, Felt 1974, Weinstein 1976, Usher 1976, Usher 1979, Cox 1985, Kakfwl 1985, Mackey and Orr 1987, Usher and Wenzel 1987). Clearly it was a very important activity even for those natives who were active in the wage economy, i.e. those natives who preferred to maximize the possibility of a lifestyle that combined wage and subsistence activities.

The matter of increasing Native participation in the burgeoning northern public service, as a specific development policy, was another particular concern of public policy makers in the mid 1970s. Some early studies suggested the remedies were to initiate affirmative action programs at the clerical levels, to be followed by job upgrading and on-the-job training. The assumption appeared to be that this would lead eventually to career development for Natives towards the middle and upper levels of the bureaucracy (Hunter 1975, Kaplansky 1974).

I A different approach¹ was postulated however to the affect that increased involvement of Natives in the public service sector would only follow the active participation of Native people in the policy-making process itself. As La Rusic pointed out, the problems of recruiting Natives into the large northern public sector would continue to be exacerbated because of "...the repugnance which any colonized people have of providing the implementation staff for a body of policies which are perceived as counterproductive to the aspirations of the people" (La Rusic 1976:37).

The experience of the organizations formed in connection with the James Bay and Northern Quebec Agreement provide a particular case-study of the kind of incentives and working environment needed to increase the participation of Natives in the expanding public sector. For example within a year of the signing of the Agreement, the James Bay Cree had developed a management staff of 23 public servants--which was eight times the ratio of Native public servants in the entire government of the Northwest Territories at that time.

It was especially significant that this staff was organized from a Native labour-pool that approximated that of the NWT in terms of education and without the special, and very costly, government spending on training programs that were then in vogue. The overriding reason for the successful involvement of Natives in the management of their own affairs appeared to be nothing less than their acceptance of "...the importance of

helping their people, and the pride of participating in the planning of the future of their communities" (La Rusic 1976:38).

E. Options For A Modern Inuit Economy In Northern Quebec

1. Introduction

In the mid 1980s there developed a convergence of thinking among government planners, Native organizations, and researchers for a generalized framework to assess optional economic development strategies for the Inuit of northern Quebec (Makivik 1985).

It was reasoned that the settlement of major policy issues such as land claims and Native self-government presented fewer problems in those areas, such as northern Quebec, where Native peoples already formed a significant proportion of the population, where they had a network of established communities, where there was a history of use of the wildlife resources, and where much of the land was owned by the Crown in right of a province. Nevertheless, and in spite of the JBNQ Agreement, a number of land and self-government issues remained unresolved throughout the 1980s.

One of the explanations put forward was the relative powerlessness of Native interest groups in Canadian society generally, even in those areas such as northern Quebec where they formed a majority of the population, or they had achieved a settlement of claims. It was argued that the political powerlessness of Natives was due to their lack of collective

economic power, and individual socio-economic status. It was suggested as well,

...That the hidden costs of increased economic power within the Native communities may be a variety of social problems and a loss of cultural identity...[and it was contended]...that mechanisms such as economic development corporations can effectively foster the development of economic power within the communities while minimizing the socio-cultural costs (Whittington 1986: 14).

The exercising of economic power through institutions that reflected Native socio-cultural values was seen as ultimately the best foundation for gaining access to, "...real political power in the Canadian liberal-capitalist political system" (Whittington 1986:14).

By the mid 1980s there also was increasing agreement on many key elements of the contemporary economy in northern Quebec. These included the: realization that the actual regional economy was essentially based on the presence of a strong public and para-public service sector; tendency towards more restricted and more selective government funding; reasons for the transient nature of much of the professional and technical labour force in the bureaucracy, and the resulting impacts on the regional and community economy (i.e., 44% and 62% of the work-force respectively in the provincial and federal government agencies were workers from the South); significance of the lack of risk capital in the North, and the impacts on a number of economic sectors which offered a strong possibility for development; and the unacceptable high unemployment and welfare rates which were likely going to get worse because of

the youthfulness of the Native population (Administration Regional Kativik 1984:27).

These issues were a reflection of a southern ideological bias which, it was felt, emphasized the profit nature in economic development strategies and the centralization of planning and control functions, to the exclusion of many other secondary considerations. Such considerations were of primary concern to the Inuit because they enhanced the opportunities for Native people to participate in the labour force and created a wage economy within the communities, they harmonized the wage economy with traditional pursuits, and they improved the education and the training of Inuit while providing a reasonable level of amenities by stimulating the local service sector of the economy.

The importance of these secondary considerations in any development plan for northern Quebec was illustrated by the enormous social problems which were being created by the low participation rates of Inuit in the labour force, their exceptionally high unemployment and welfare rates, and by their relatively low levels of education and training. In a survey done in 1986 by the Inuit themselves, an alarming picture was presented of the manpower situation in northern Quebec. The percentage of Inuit on welfare or unemployment benefits ranged from 30% to 45% in most communities (A complicating, and probably mitigating, factor however was the fact that although traditional activities were not very profitable in terms of

generating income, they were practiced in all communities, and were considered as very useful employment by the Inuit themselves). It also was noted in the survey that many people were willing to move to other northern communities (41%), or even to the southern parts of the country for employment (34%) (Kativik Regional Government 1986:19). Related to these discouraging statistics were the relatively low education levels of Québec Inuit--70.4% having grade 8 or less education compared to 52.3% for other Natives and 15.1% for non-Natives in the North, and 20.1% for Canada as a whole (Statistics Canada 1981 census).

A common understanding was reached that institutional responses to the various developmental obstacles and opportunities in northern Quebec, and the formulation of a development framework, could not be measured entirely by southern criteria such as profitability and cost efficiency. Any assessment of the effectiveness of investment strategies undertaken by Native development organizations would have to take account of the northern context of non-economic costs and benefits, and the secondary goals mentioned previously.

2. Inuit Institutional Objectives

In the process of elaborating both an institutional strategy, and a modern development plan, the Kativik Regional Government (KRG), the Kativik Regional Development Council (KDRC), and the Makivik Corporation identified a number of

objectives which were thought to be critical to the self-sufficiency of Inuit. These were:

(a). The consolidation and integration of roles, and operations which were dispersed throughout the various regional institutions.

(b). The establishment of priorities for the various regional institutions, and the coordination of institutional efforts to achieve agreed upon regional development goals.

(c). The identification of areas where regional Inuit organizations could cooperate with governments.

(d). Reduction of dependence vis-a-vis state institutions, and the privatization of certain economic activities.

(e) Diminishing the dependence on specialized workers from the South.

(Kativik Regional Government (KRG) 1986a)

While the promotion of renewable resource development and construction were favoured as the best means "...to reduce unemployment, generate income and satisfy essential needs at an accelerated pace" (KRG 1986:2), other sectors such as community services, the subsistence economy, and entrepreneurship in general, were thought to be equally important. Tourism was felt to be particularly significant in terms of providing employment opportunities.

The overriding development principle proposed was to incorporate Inuit cultural values into the development process, to shift responsibilities and mandates to the communities, and to orient the process towards the support of community-based development. Ultimately the objective was to balance community needs with employment opportunities for the Inuit, and to attract more income into the region from the private sector.

3. Sectoral and Organizational Opportunities

(a) Commercialization of Renewable Resources

Although the traditional activities of hunting, fishing and trapping were more than a way of life for the Inuit, their main role was to provide an important amount of food for the communities, as well as part-time employment opportunities.

As early as 1982, Makivik had requested a legal opinion on the commercialization of caribou and had received advice that such activities were not related to Inuit harvesting rights spelt out in the Agreement. An amendment would thus be required to permit commercialized hunting to proceed (Makivik 1986-87).

Commercialization of wildlife was considered to have great possibilities for future development in spite of the potential for some negative impacts. On the one hand the unreliability of consumer demand, the high "up-front" capital costs, the professional marketing experience required, and the lack of scientific data on sustainable harvesting yields made the commercial viability of such projects uncertain. On the other hand fishing and hunting "industries" had always existed

within Inuit communities, such activities were labour intensive, and they conformed to Inuit cultural and social value systems. In addition the lack of information on sustainable harvesting levels, and on the wildlife ecology in general, was seen as a important source of research training and employment opportunities.

...The enforcement of environmental quality regulations may provide excellent employment opportunities for individual natives and, in some cases, management and enforcement responsibilities for conservation in the North could be contracted out to native organizations (Whittington 1986:35).

In late 1986, Makivik developed a policy position on this matter which emphasized that commercialization of caribou was considered an extremely important economic activity, that strict conservation principles be established, and that all the Inuit communities share in the benefits of any proposed project (Makivik 1986b, and Makivik and Anguvigaq Wildlife Management Inc. 1986a).

(b) Personal Goods and Services

Although the personal goods and services sector was actually limited, nevertheless the creation of new jobs in the retail business-sector was thought to have high potential because of the population growth, and the general increase in the population's income and purchasing power. Other potentially important factors were the improvement of government and para-government services in the communities, the possible decentralization of regional organizations to the communities,

and the replacement of non-Native administration staff in the North with Inuit.

A 1986 survey indicated that there was a great deal of room for improvement in the quality of services being provided in the communities. In general everyone was dissatisfied with housing, the conditions or lack of roads were a high point of frustration, water distribution and garbage removal were rated indifferently, communications and transportation facilities and services were considered to be unsatisfactory in most communities, and in half of the communities the level of retail services available received the lowest ratings of all. The same survey also pointed out an important new factor; it seemed a significant majority of the population would agree to pay taxes in order to improve these services (KRG 1986a:24).

(c) Native Organizational Roles

There were four major Native-controlled institutions that had direct involvement in economic development activities. They were acknowledged as having specific roles to exercise in the future development of the Inuit economy.

The Federation des cooperatives du Nouveau Quebec (FCNQ), already the largest and oldest private organization in the region, was considered to have potential for further growth in the outfitting and hotel business, and in the crafts field.

The Kativik Regional Government (KRG), as administrator of some aspects of the Societe d'habitation du Quebec (SHQ) housing program, and as coordinator of manpower development,

was in a key position to promote regional construction and job-creation programs. In addition the KRG could encourage the development of a private sector in the communities by privatizing certain municipal services such as garbage removal, water delivery and some maintenance activities.

The Kativik School Board's (KSB) main potential impact on economic development was considered to be its general education and job training programs.

The Makivik Corporation had several statutory mandates and /or it had assumed certain responsibilities regarding economic development. The Corporation saw itself as the lead agency to negotiate and to secure the transfer of government programs and special development agreements in support of the KRG. The Corporation also took responsibility, from 1986 onwards, for the negotiations with the Federal Government for the establishment of a separate development corporation.

Internally Makivik also was organized so that the departments of Community and Economic Development and of Research were directly involved in economic development activities. For example, a major part of the work of the Research Department was directed to training Inuit research assistants and to provide information on commercially oriented wildlife management needs.

Basic cooperative understandings were continually being negotiated to try to clarify the respective roles of these main development organizations in order to pool resources to assist

the growing numbers of business entrepreneurs in the region, and for Makivik to support the KRG² in establishing an economic development department that would assume responsibilities for certain government programs, particularly in the areas of fisheries development, and housing construction (KRG 1986:19).

The community-based expectations were that the principal Inuit development agencies, including the local cooperatives and the FCNQ, would harmonize their planning operations, coordinate their services, and consequently streamline their operations. The first economic development conference held in Inukjuak in 1985 demonstrated clearly that a great deal needed to be done in this area. The conference concluded that while all the regional institutions had acquired a certain in-house expertise in development matters, in the overall, and especially at the executive and administrative level,

... they still work at a distance in spirit, in a dispersed fashion and sometimes even at cross purposes....In spite of our people's insistence on gaining collaboration at the top, such institutions have let the region down (KRG 1986:20-21).

As one means of overcoming the seemingly intractable structural problems at the top levels of the Native organizations, it was proposed that the Local Economic Development Committees within each community be reactivated and supported. Because these community-based committees already included a cross-section of representatives from the cooperatives, landholding corporations, business people and so on, it was argued they were more likely to reflect the will and

the needs of the local population, as opposed to the perceived priorities of the South, or the different development strategies favoured by Native institution bureaucracies.

Nevertheless the assumption was that certain of the existing development systems such as the FCNQ, Makivik, and a new institution being proposed i.e. a regional development corporation, would have important roles working in the South in such areas as research and development, marketing, and in distribution and purchasing.

(d) Institutional Relationships

The overriding principle of any specific development program or project was the need for governments and their agencies, the Native controlled organizations, and private institutions to reach agreement on certain basic development objectives, and to collaborate on ways to implement those development options that had been identified as having the greatest potential.

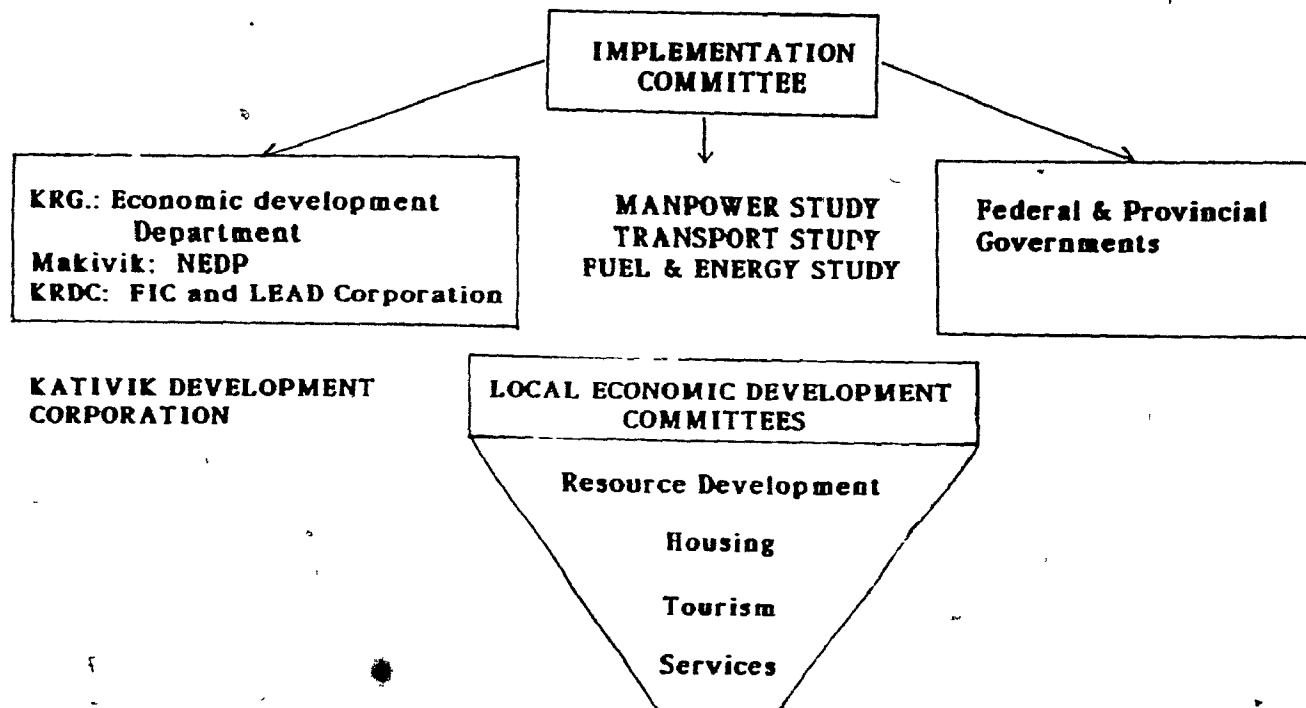
Because a mechanism for achieving greater cooperation already had been set-out in the Agreement (Chapter 29) it was proposed that the joint committee composed of Makivik, KRG and the governments of Canada and Quebec be established. An organigram showing the respective relationships of the different parties, and the role of a proposed new Kativik Development Corporation is shown as Figure 2.2 (Kativik Regional Development Council (KRDC) 1986).

GENERAL INSTITUTIONAL ORGANIZATION CHART

REGIONAL PLAN

REGIONAL INTEGRATION

PROGRAM INTEGRATION



(a) The Informal Economy

Although some 45% of the Inuit were technically classified as being unemployed (Makivik 1984:4) the subsistence and traditional economy was in fact recognized as being quite active at the community and household level. It was proposed, therefore, that the trend towards the commercialization of wildlife and the privatization of other subsistence and traditional activities such as tool-making and sewing that formed the basis of a strong informal economy, be encouraged. This could be done, for example, by assisting Inuit to become entrepreneurs and to start small businesses in a way that served both their personal needs and the needs of their communities. An alternative was to consider establishing a community-administered "workfare" type income-support program which would remunerate individuals for subsistence and traditional activities, as well as community volunteer work which was not normally accounted for.

While it was felt the proposed "workfare" program was not a solution to the high unemployment, the program would at the individual level help to eliminate the negative connotations of being "unemployed" or "being on welfare". At the same time such a program would encourage the creative use of funds from existing unemployment or job-creation programs and would promote the development of a healthy small-business or cottage industry sector, and the personal services,

construction and tourism sectors of the official economy (KRG 1986:23).

According to the President of the Makivik Corporation, 80 new jobs annually would have to be created simply to maintain the poor level of employment existing in 1986. It was estimated that implementation of certain of the options outlined here would more than double the potential for new employment opportunities: i.e. renewable resource developments--88 jobs; tourism--17 jobs; construction--37 jobs; private services--27 jobs and public services--16 jobs. Significantly a majority of the new jobs projected were to be created in the private sector, or by new Inuit-controlled ventures, which was a significant departure from the existent labour economy in northern Quebec (KRG.1986).

(f) Regional Financial Services

Although the village cooperatives, the Hudson Bay stores and the FCNQ provided limited financial services e.g. check cashing and credit and loan privileges, the lack of a full range of retail-banking services in the communities was recognized as a significant gap in the economic infrastructure.

One alternative proposed that a regional financial institution and an investment fund be created which would operate to encourage greater individual and community financial self-sufficiency, and promote greater economic opportunities for private and public enterprises. The fund also would assist Inuit-controlled business ventures including the provision of

mortgage services. The anticipated impact of a regionally controlled financial institution would be to improve the use and circulation of revenue and income within the region, encourage the diversification of the economy in communities and in the region, and to help create a sense of financial self-sufficiency and control among the population.

(g) Tourism

Although specific long-term aspects of a plan for the tourism sector were still to be developed, a short-term strategy was proposed to improve the existing hotel and visitor accommodation infrastructures, reinforce the network of outfitting facilities, and initiate a manpower training program. The FCNQ and the local cooperatives were recognized as having the greatest experience, and the best potential for success in this area. However the existence of many new promoters who were interested in broadening the range of tourist activities was seen as a potentially important means of rapidly expanding this economic activity, and for creating significant new employment opportunities for the Inuit.

(h) Trade Patterns

Traditionally the trade patterns in the North had mostly been one way, from the South to the North. The value of exports to the South had been relatively insignificant and often quite unpredictable (e.g. fur sales) compared to the value of imported goods and services. It was proposed that this aspect of development be refocussed to expand the export of renewable

resources to traditional markets in the South (e.g. fish resources) and at the same time, to develop new northern export markets within Canada, and among other circumpolar countries with country-food products such as caribou.

(1) Housing and Construction

Although the total annual housing costs had been estimated at \$20,000 per person, there was no construction sector in the economy, nor did anyone have any significant control or personal sense of responsibility over one of the population's most basic needs--their accommodation. Because heavily subsidized accommodation was provided by the state to everyone--Inuit and non-Inuit alike--there was no incentive to invest human or financial resources in housing, and therefore the construction sector (e.g. private contractors, hardware stores or construction service) virtually did not exist in the North. This represented a heavy economic penalty of lost employment and business development opportunities, and in terms of meeting the serious housing shortages or improving the overall community living environment (KRG 1986:35).

It was proposed that ways should be devised to encourage wage-earners to invest in private housing by means of a gradual reduction in the subsidy program, and by transferring more responsibilities for the housing program and for construction regulations to the regional government, and to the communities.

(1) Entrepreneurial Development

A fundamental requirement for appropriate development, both at the community and the regional level, was the need to pursue the many small business opportunities that existed in each community. Although the spirit of entrepreneurship among the Inuit population varied widely between communities, in the overall more than a third of the population had considered going into business. What remained to be done was to determine what kind of business activities were favoured by individuals, and how these business ideas matched the various sectoral opportunities that had been identified as being required by the population.

Although the setting up of a separate Inuit development corporation was considered as a priority by the Makivik Corporation, the survey of the population's expectations demonstrated that there obviously was a great deal the Inuit controlled organizations already should be doing in this important area of economic development (KRG 1986:32, PRB Concept Network et al 1987).

1. The northern areas of Quebec are frequently referred to in an ambiguous way in the literature and in day-to-day usage by terms such as "Nouveau Quebec", "Northern Quebec", and the Kativik Region. In this study Northern Quebec generally refers to the area of Quebec covered by The James Bay and Northern Quebec Agreement which extends as far south as the 49th parallel. The Kativik Region refers to the area occupied mainly by Inuit which is under the jurisdiction of the Kativik Regional government, (as defined in Chapters 12 and 13 of the Agreement), and which covers the entire area north of the 55th parallel. For a full discussion of the ambiguities in the use of these terms see Gouvernement du Quebec, 1983, Le Nord du Quebec, Profil Regional.

Chapter III

Makivik: Some Distinctive Features, And Its Investment Strategy

A. Introduction

The focus of this thesis is on the Makivik Corporation, which is one of the most notable examples of the new and innovative corporate development systems that were created by the James Bay and Northern Quebec Agreement (Editeur Officiel Quebec 1976). Many of these systems have been described as being "...centralized and diversified technostuctures which are regional in scope, and so far reaching...in their potential impact that it would be misleading to treat them as purely economic institutions" (Rudnicki 1979:1).

These new development structures are distinguished from more traditional development activities, such as cooperatives, local development associations, hunters' and trappers' associations, and many other community based organizations which are often government sponsored endeavors; these latter activities represent yet another category of the various specialized development structures and that have operated in the North for many years.

The relationship between the new corporate structures and traditional activities, such as the cooperative movement, is obviously a dynamic one. Given the potential financial and legal powers of the new structures e.g. Makivik, and the rapidly changing development strategies and trends that emerged

in the mid 1980s, the full implications of these changing, and often strained, relationships is yet unclear. What has become evident however is that these corporate structures, the new regional government bodies, such as the KRG, and the many consultative systems established under the Agreement, have clearly demonstrated a capacity to change radically the social, cultural, and economic environment for the Inuit people (Editeur Officiel Quebec 1976:188,260,276,345).

Because these new structures appeared to be largely organized according to conventional non-community based economic theories, and were similar to non-Native institutions, and to non-Native social and economic processes, they soon came to be regarded as a significant means of fostering the integration--not to say assimilation--of the Inuit into the larger Canadian society (Lockhart 1986 and Makivik 1985a)

One of the major perplexing questions that immediately arise in connection with any assessment of Native controlled corporate structures is to try and rationalize the relationship between the obvious determination of the Inuit to reject assimilation policies and to maintain a distinctive culture and value system, and the potential long-term consequences of these structures on Inuit lifestyles, and on their social and cultural aspirations.

B. The Beginnings Of Native Corporate Development Systems In Northern Quebec.

1. Setting The Stage

In 1975 the northern Quebec Inuit and the Cree Indians of James Bay concluded an agreement with the governments of Canada and Quebec, the James Bay Development Corporation, and Hydro-Quebec. This agreement essentially extinguished the aboriginal title of the Inuit and Crees north of the watershed of the St. Lawrence River--a vast area of approximately 1.1 million km.² (Or as the Agreement mentioned, an area larger than the Province of Ontario).

One of the primary purposes of the Agreement was to legally permit the immediate development in northern Quebec of an enormous hydro-electric project which, when completed, would affect drainage basins stretching from an area 500 km. north of Montreal to Ungava Bay, a distance of about 2,600 km. The content of the final agreement (a hefty document-- 455 pages in the English version), defined a new relationship between the Native people and the Province of Quebec. Its overall impact was unequivocally to extend the province's jurisdiction into areas of public administration, and socio-economic development, which formerly had been largely the domain of the federal government.

The Agreement was the culmination of almost four years of legal battles between the Natives and the Province; a battle that commenced on April 30, 1971 when then Premier Robert

Bourassa announced his intention to develop the hydro-electric power resources of the James Bay Territory. Legal proceedings were originally initiated by the Crees and the Inuit to have the Act respecting the development of James Bay declared unconstitutional. Their fundamental argument was that they had never surrendered title to their lands under a 1912 statute which transferred a large part of the disputed territory from Canada to Quebec.

In 1973 an initial decision by the Superior Court of Quebec ordered the province and its crown corporations, from proceeding with the hydro project, and more importantly established that the James Bay region could not be developed without prior agreement between the Native people and the provincial government. The Quebec Court of Appeals almost immediately suspended the injunction by, in effect, agreeing with the arguments of the project proponents that the rights of the Native peoples had to be balanced against those of the larger society. Essentially the "balance of convenience" rationale held that the inconvenience and negative impacts to Native people flowing from the James Bay project were less than the impacts to the people of Quebec if the project were halted. The suspension order did not deal specifically with the issues of Native title to the lands.

Having learned that there was little that could be done to stop a massive project once it had actually commenced within an area of unresolved land claims, the Natives prudently opted

to suspend further legal proceedings in favour of a negotiated settlement. The negotiation process began late in 1973, and the initial draft was essentially concluded about a year later. A formal agreement was signed in November, 1975 (Indian and Northern Affairs Canada 1979:1v).

2. Fundamentals of the James Bay and Northern Quebec Agreement

The events surrounding the final Agreement, as well as the wording of the Agreement itself, were produced in an environment of great rhetoric and high expectations about the positive benefits that would accrue to Native people, including their overall socio-economic advancement, and the preservation and enhancement of their culture and way of life. The bottom line however, was that by agreeing to waive their claims to aboriginal title to the James Bay region and northern Quebec, the Crees and the Inuit received settlements of cash and land.

A total cash settlement of \$225 million was payable to the Cree and the Inuit from the federal and provincial governments over a twenty-year period under specified conditions. The cash settlement was allocated between Inuit and Cree on a per capita basis; about \$90 million for the Inuit, and about \$135 million for the Cree (Editeur Officiel 1976: 395-401). All the cash was to be paid to newly established and Native directed corporations--the Makivik Corporation ("Advancement") in the case of the Inuit--which were established to promote broad social-economic purposes on behalf of the Crees and the Inuit.

The land settlement was rationalized in terms of three categories of land in which the respective rights of Natives and non-Natives were defined, to try and accommodate basic community and development needs for Native people to sustain Native hunting, fishing, and trapping activities, and to allow resource developments to proceed in line with the interests of the province of Quebec, and private industry.

3. Early Consequences of the Agreement

One of the most striking early consequences of the Agreement was the immediate building up of a northern bureaucracy of enormous relative size and complexity in order to sort out, clarify, implement--and above all--negotiate the tangled and frequently conflicting array of Cree, Inuit, provincial, federal, and private interests and responsibilities. Analysts of the Agreement noted that the operation and maintenance of the proliferation of boards, committees, and other consultative mechanisms prompted by the Agreement was absorbing an inordinate amount of Native intellectual and financial resources, to the exclusion of more productive activity.

A rough estimate indicates that there are potentially between 400 and 500 elected and appointed natives serving on these various bodies plus an indeterminate amount of salaried staff. Assuming that there are approximately 3,000 adults in the native population eligible to participate (given the known demographic characteristics of the population) a conservative estimate places at least half of them eventually in some elected, appointed or salaried role in the new bureaucracy (Rudnicki 1979:98).

It appeared that "bureaucratization" as a development strategy had reached a point where it had become a source of inspiration for socio-economic planners.

Another major impact of the Agreement was that both the federal and provincial governments took on a wide range of new responsibilities and obligations to the Native peoples. For example, the two governments assumed obligations to provide technical assistance, and to participate in a variety of consultative committees, and very important, to be responsible for continued funding of social, economic, and cultural administrative and program operations that were then in place, or which were specified in the Agreement.

The complex collaborative process established was intended to implement the various structures and organizations set out in the Agreement, and/or to rationalize the functions and responsibilities formerly provided by the two senior levels of government. A critically important point was that government funding for established programs would be maintained although such budgets were expected, in future, to be managed more and more through Native controlled agencies. Not surprisingly in the years following the signing of the Agreement, a large amount of energy and resources was expended by the principal Native organizations (The Grand Council of the Crees, and the Makivik corporation) on planning organizing, and implementing the various provisions of the settlement.

Although an overall evaluation of the impacts of the Agreement is not within the scope of this thesis, a number of preliminary analyses have been made of certain early economic and planning consequences; many of them by the Native organizations themselves (e.g. Makivik 1985a, Moss 1981, Wertman 1983, Duhaime 1985, and Makivik Annual Reports 1981-87).

Some of the points made in these reviews merit notation here because of their potential impacts on the overall operations, and on the development of a distinctive corporate culture within the Native controlled organizations.

(a) Until the signing of the Agreement the development process which the Native people in northern Quebec found themselves in had been determined by events and decisions over which they had little control. Nevertheless, during the period immediately preceding the James Bay Hydro developments there was strong interest among the Inuit for political self-determination, and specifically for a measure of regional autonomy in the form of Inuit controlled entities as alternatives to the existing federal and provincial government agencies.

Although much of the philosophical rationale, and the pressure for these initiatives originated from individuals who were associated with the cooperative movement, both levels of government directed start-up financial support to a new organization--the Northern Quebec Inuit Association (NQIA)--

which had few obvious links with the community-based socio-economic events that had occurred in the region during the preceding years. The end result was that the new NQIA (later to evolve into the Makivik Corporation) found itself in the all important role as the responsible agency to represent Inuit interests in the court proceedings, in the negotiations leading to the settlement, and subsequently in the implementation phase of the Agreement.

It should not be surprising then that the NQIA lacked a historical connection with the Inuit communities, and that there was an inadequate understanding of the communities, and their perceived priorities and needs. This situation, combined with the intense pressure and sense of urgency imposed on the entire negotiating process by the provincial government, its Crown corporations, and by the federal government, all contributed to an environment that, in many ways, precluded the possibility of establishing a systematic process of consultation and inter-active communications at the community level. As one analyst noted,

There may be some basis for the claim, therefore, that the Agreement does not reflect majority support in each of the communities affected, or possibly, any real appreciation on the part of most of the native people in the territory of its implications and probable impacts (Rudnicki 1979:103).

There is some evidence to support this given that four communities, Sugluk, Ivujivik, Povungnituk, and the Sanikiluaq (Belcher Island), Inuit refused to ratify the Agreement; the

three Indian groups Naskapi, Montagnais and Attikameks were excluded altogether from the Agreement, and voter turnout to ratify the Agreement in the communities was reported to be quite low.

(b) It is a reasonable proposition to assume that the operations of the Makivik Corporation since its inception, as well as the operations of the various other development systems established under the Agreement, have been affected by events and personalities which shaped the socio-political environment during the period preceding the signing of the Agreement. Some of the more important of these events have been noted as follows;

(1) The apparent erosion of the principle of "special status" for Native peoples, not only those covered by the Agreement, but possibly for other Native peoples in Canada, and for the disintegration of over-all federal government responsibility, through Parliament, for the well-being of Native people, and for their future development. It had been observed, for example, that for many practical purposes "special status" for Native peoples no longer appeared to be a realistic long-term option, given that numerous terms of the Agreement tie the Native peoples, and their organizations, to provincial legislation, institutions, programming and--last but not least--to provincial government funding.

(2) An undefined proportion of the compensation funds, (or the income generated by these funds), received was assumed

by the government to be intended to support existing Native social and cultural programs (Editeur Officiel Quebec 1976: xix).

As may be evident from the above the roles and the future capabilities of the new corporate development organizations, such as Makivik, constantly could be vulnerable to the periodic realignment of federal and provincial programming priorities, to changes in political-economic philosophies at both levels of governments, and not the least, to government cut-backs in budgets and services. No process was established within the Agreement which would have either consultative, arbitration, or executive responsibilities, and that would enable the Native organizations to exercise significant control over such external government decisions.

(3) In developing an initial strategic plan for the use of the compensation funds Makivik was faced with two obvious choices. One was to become directly involved in financing maintenance-type operations for various social and cultural programs where there were budget short-falls. The other was to become involved as an entrepreneur, or to provide venture capital to support mainly profit oriented socio-economic activities that would maintain, if not expand, the compensation capital received under the Agreement.

It was self-evident the first option undoubtedly would lead to Makivik becoming a new private welfare agency launched on "an endless treadmill of ever increasing spending for

maintenance and survival-type operations, leaving relatively little money available for economic development" (Rudnicki 1979:110). The second option would see Makivik becoming engaged almost exclusively in profit oriented activities where the investment decisions might not be based on their overall positive socio-economic impacts on Inuit communities.

(4) Given the large anticipated increase in social program budgets required to meet the rapidly growing population, the real needs for improved services in communities, the premise in the Agreement that the Native communities would eventually be fully integrated into the institutional fabric of the province, and the limited choices apparently available to Makivik to invest its compensation funds, it was speculated the ultimate effect of the Agreement would be the eventual assimilation of the Inuit into the larger society, their increased involvement in non-Native, non traditional economic activities, and a major shift of the population into a wage economy based on "bureaucratization" as a way of life. In this foregoing development scenario the primary role for organizations such as Makivik was to become brokers between non-Native interests and developers, between different levels of governments, and with Native communities (Rudnicki 1979).

C. Structural Characteristics Of Makivik

Makivik was established by provincial legislation in June, 1978. Its main socio-economic objectives were:

1. To receive, administer, use, and invest the compensation money intended for the Inuit as provided for in the Agreement;

2. To relieve poverty, and to promote the welfare and the advancement of education of the Inuit;

3. To foster, promote, protect, and assist in preserving the Inuit way of life, values, and traditions;

4. To initiate, expand and develop opportunities for the Inuit to participate in the economic development of their society;

5. To develop and improve the Inuit communities;

6. To assist in the creation, financing or development of businesses, resources, properties and industries of the Inuit (Makivik Corporation 1979).

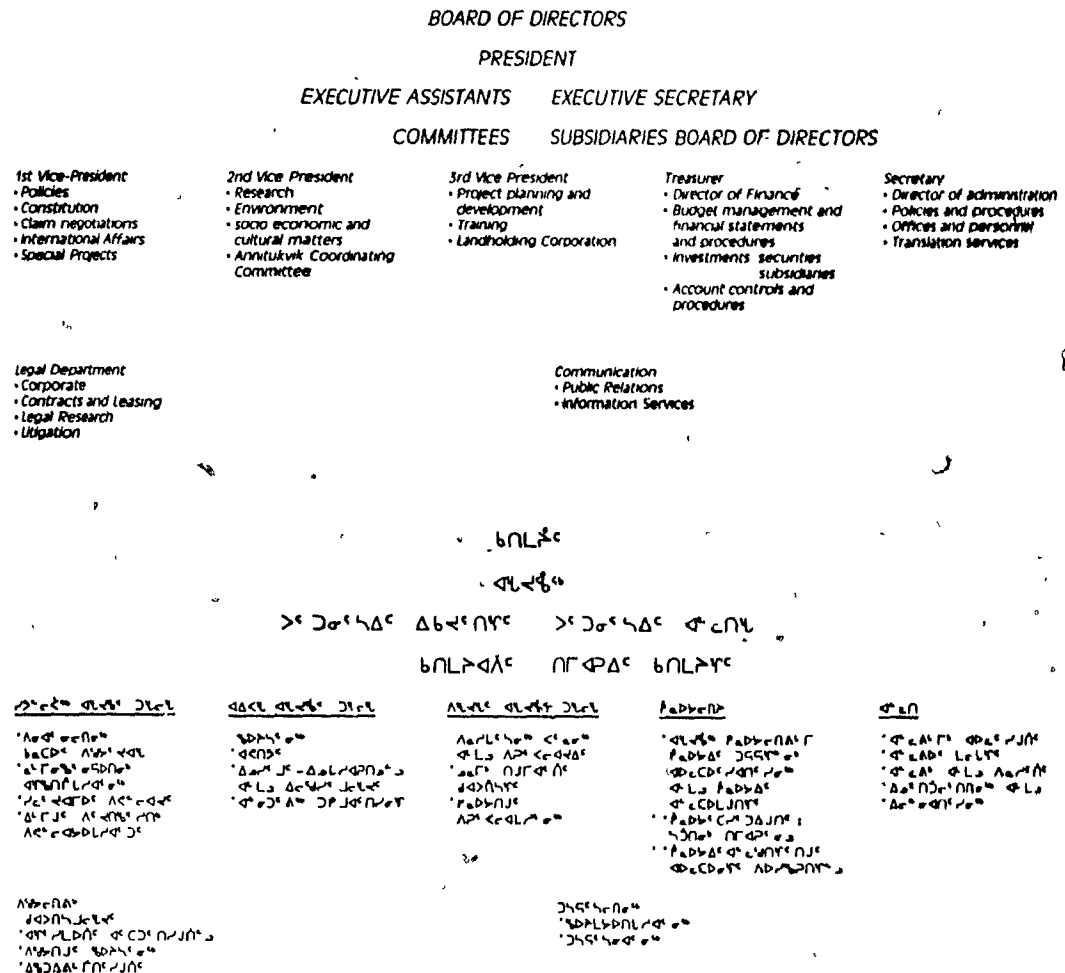
Makivik also had broad responsibilities for other Inuit social and economic matters that were referred to in the Agreement. These fell under the headings of planning and consultation (p.349), corporate structures (p.410), and specific program operations (p.427). Taken together they appeared to form a comprehensive scenario for economic and social development. From the beginning it was visualized that responsibilities and activities in all these areas could be exercised directly by Makivik through subsidiary organizations created for specific purposes, or indirectly by means of joint ventures in collaboration with community, regional, or national interests.

Makivik was established as a non-profit corporation, without share capital, the only members of which can be eligible Inuit. The corporation operates under the day-to-day direction of an executive which is elected at general meetings of at least twenty-five electors, representing two-thirds of the communities. The executive is responsible to an elected Board which represents each of the communities. In general, the overall organization is similar to that of a typical non-Native structure in that there is a pyramid organigram which defines a descending order of powers, responsibilities, and jurisdictions, as well as differentiated functions for the Corporate officers, and senior staff (Figure 3.1).

An early analysis of the Makivik Corporate structure speculated that the organization appeared to be vulnerable to oligarchical leadership even though it was clear from its inception that serious efforts were being made to establish a process of accountability to the Inuit electorate, and to try and prevent conflict of interest and manipulative situations from arising. An example of one of the steps taken over the years to inform shareholders of the Corporation's activities was through the publication by Makivik of various newsletters, and regional newspapers ("Makivik News" Dec.1986-Jan.1987).

Some of the factors noted (Rudnicki 1979:115-121) that could reduce the accountability of the Makivik Board and Executive to its electorate were that;

Figure 3.1
Organigram of The Makivik Corporation
(Source: 1984-85 Annual Report)

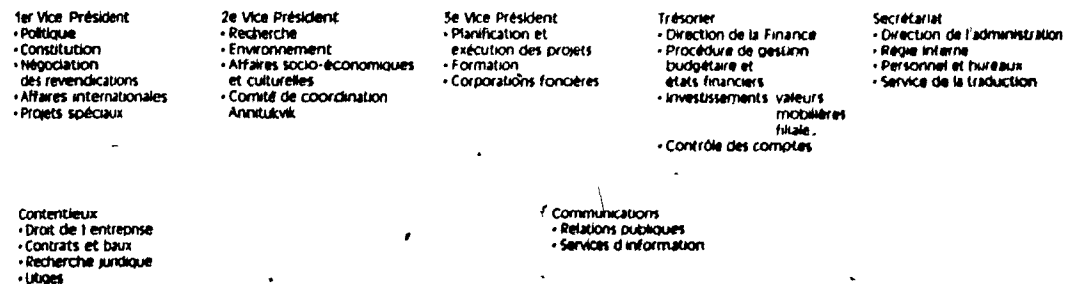


CONSEIL D'ADMINISTRATION

PRÉSIDENCE

DIRECTION SECRÉTARIAT

COMITÉS CONSEIL D'ADMINISTRATION DES FILIALES



1. Although the Kativik Regional Government (KRG) had jurisdiction over the affairs of the village corporations, the communities had a very small tax base, and were therefore highly dependent on provincial and federal government funding to cover their costs of operations. Because Makivik was ultimately responsible for seeing that the terms of the Agreement were carried out, including provincial and federal government funding of the KRG, and because the compensation funds controlled by Makivik represented an additional source of funding for the KRG, it was evident that Makivik was in a superior position relative to the KRG.

(2) Another example of the potential diminution of responsibility and control at the community level was that Makivik, and various other agencies established by the Agreement, had certain characteristics of a public corporation; They had to operate often as mere extensions of the government bureaucracies in Quebec City and Ottawa.

The linkage, if not control, between the governments and the Native corporate organizations was established; for example, through restrictions concerning the investment of the compensation funds, by the heavy continuing dependance on program, operating, and capital funds, by the need to harmonize their day-to-day operations with procedures, policies, and program objectives, and data and information requirements, that were designed mainly for a non-Native society.

All of these situations contributed to the consolidation of power in the Board and Executive of Makivik who, by force of circumstances, became the principal interpreter of government policies and interests, and the real power-brokers between the communities and the outside world, regardless of the differentiated and specialized responsibilities that resided in agencies such as the KRG and the Kativik School Board.

(3) The philosophy and corporate culture of Makivik, and the decision making process followed by its officers and staff, could be shaped more by the actual structural characteristics of the organization (as per some of the points raised above) than by considerations of needs and aspirations being expressed by the electorate at the community level.

A situation can be foreseen, therefore, where a widely dispersed and relatively uninformed electorate is unable to mobilize issues or voters effectively enough to maintain the accountability of regional authorities.

At the same time, there may be a tendency in the regional bureaucracies to become, in a sense, "proper" clubs which encourage the participation of a "proper" membership and discourage criticism or prying as "bad form".

This form of closed system, which tends to be inherent even in non-native technostuctures, often invests a great deal of time and energies in purely internal matters. Organizational harmony, managerial salaries, and expense accounts, office space and amenities, job descriptions, organizational charts and the policies of self-perpetuation become all-consuming priorities.

Such structures can be rich in rhetoric about preserving native values and culture, but poor in implementing relevant or effective measures to achieve such purposes (Rudnicki 1979:119-120).

In summary it was speculated that because the model for organizations such as Makivik was derived primarily from non-Native organization models and values, they would become more and more closely integrated with the legal and bureaucratic operations of governments, and thus become unlikely vehicles for achieving Inuit objectives which were more suitably defined mainly at the community level. Corporate entities such as Makivik might therefore operate to erode rather than enhance the traditions, culture and values associated with the Inuit way of life.

Further it was postulated that the non-Native structural characteristics and bureaucratized culture would persevere regardless of whether there was a preponderance of Inuit fulfilling the management functions, and there was an inherent tendency in the Makivik structural model for the self-perpetuation of a relatively small closely knit oligarchy alienated from the Inuit population at large, and effectively separated from the accountability roles for the Inuit electorate visualized under the Agreement.

D. Makivik's Investment Strategy

1. The Compensation Funds


As of January 1, 1979 Makivik had received approximately 51% of the monetary compensation. The balance of 49% was scheduled to be received prior to December, 1996. In accordance with the Agreement, the total of \$90 million consisted of approximately \$30 million in Quebec debentures, and \$60 million


in cash compensation. (Figure 3.2, Rudnicki 1979, and Editeur Officiel Quebec 1976:395-402). The venture or social capital portion of this compensation was represented by 25% of the annual compensation payments, plus the net revenues generated from the debentures.

The Corporation was required to invest 75% of the compensation funds in government bonds, debentures, guaranteed investment securities, and other forms of equity with assured returns. For the ten-year period between 1987 and 1997 the requirement to invest in conservative securities was reduced to 50% of the compensation payable. After 1997 Makivik could establish its own investment strategy. All revenues derived from investments, or all other funds which are not allocated by statute could be used by Makivik at its own discretion.


As noted above 25% of the compensation, (and between 1987-1997, 50%) could be used as risk capital and/or for social-economic reasons. Whenever used for risk capital investment purposes Makivik could establish wholly owned subsidiary corporations. Their objectives could be to develop Inuit businesses, resources, lands etc. or to become partners with other corporations owning property, or in businesses directly related to Inuit business interests. An illustration of the venture capital calculations projected from 1978 to 1983 is shown in Figure 3.3. The total venture capital projected during this period, amounted to between five and seven million dollars per year.

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1979 ḢPḂḂJ.


 $\rho_{\Delta} \Delta \Delta^c$
 $\Delta \Delta^c \Delta \Delta^c$


 $d < \Delta^b d^c \quad p_{\Delta} \Delta^b \sigma^b$
 $\varphi^b \sigma^b \Pi \Delta^b \psi^c$

- Բաժնեկցիները համաձայն 1, 1979-ԴԸ
ՈՒՆ 31, 1996-Դ.


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ፊርማ ማረጋገጫ ምስል ማረጋገጫ

• Received up to January 1st, 1979

 Cash Compensation



Quebec
Debentures

• To be received between January 1st, 1979 and December 31st, 1996



Cash Compensation



Quebec
Debentures

• Reçu au 1^{er} janvier, 1979

☐ Compensation
monétaire

 Obligations
du Québec

- Recevable entre le 1^{er} janvier 1979 et le 31 décembre, 1996

 Compensation
monétaire

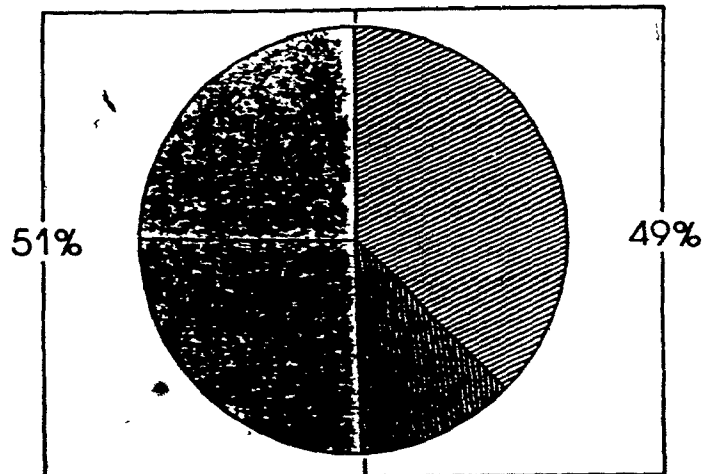
 Obligations
du Québec

Figure 3.2
Received

Compensation Capital Received Up To January 1, 1979
(Source: Makivik Corporation, 1979(?), Descriptive Brochure)

1978
1979
1980
1981
1982
1983

Venture Capital Portion of Compensation (25%)	Revenues Generated by Non-Venture Capital (75%)	Revenues Generated from Debentures	Total Risk/Social Development Capital
\$ ---	\$ 609,158	\$ 927,041	\$ 536,199
3,674,837	1,762,471	2,461,970	7,899,278
309,201	1,855,232	3,069,864	5,234,297
309,301	1,947,992	3,069,864	5,327,057
309,201	2,047,075	3,069,864	5,426,140
309,201	2,133,513	3,069,864	5,512,578

Figure 3.3
Makivik Income Projections 1978-1983
(Source: Rudnicki, 1979)

2. Venture Capital Options

Late in 1986 senior executives of native development corporations (NDC) from across Canada met to exchange information on their activities, and to discuss the need for change and future initiatives within their respective organizations. The forum considered the almost limitless opportunities facing all NDCs in a variety of sectors e.g. renewable resources, tourism etc. and the optional investment vehicles available to them, e.g. joint ventures, worker or community owned cooperatives and businesses, private companies and so on which were favoured by various proponents (Robinson and Ghostkeeper 1987, Dacks 1983, Robinson 1980).

Some of the major conclusions of this forum are noted here because they also reflected the results of many similar studies and meetings that occurred in the mid-1980s; some of them noted previously in this thesis. Thus they are relevant to any review of the options that Makivik has had to take into account when making decisions on the use of its venture capital.

In this respect the following points represent an updated check-list of criteria and/or a recapitulation of principles mentioned earlier that may be helpful in considering not only the financial implications of the case-studies that follow, but also their social-cultural impacts on Makivik, the communities, and indeed on the Inuit population of northern Quebec (Cotterill 1986).

(1) The central importance of strategic planning was emphasized, as were the setting of realistic goals and sectoral priorities such as the subsistence economy, that were consistent with Native values. All corporate, project, or program objectives should be established by the shareholders.

(2) Job creation among shareholders, and income generation at the community level, and community development, should be the priority objectives of development along with the related issues of management and entrepreneurship training.

(3) Native development corporations should operate at arms-length from the political organizations, even though the NDC's objectives should be established by the political organizations to which the NDCs belong. Above all in the NDCs, good business and management practices had to prevail.

(4) In order to provide project stability, to increase the financial viability of projects, and to facilitate the transfer of skills to Natives, organizational vehicles such as joint ventures, in all their varied forms, or the purchase of equity in on-going commercial enterprises were considered favoured ways of "getting started" with an investment program (Robinson 1980:11).

(5) Counterproductive competition between community based and regional development corporations should be avoided. There also was a critical need to balance inside knowledge of community needs, with outside resources and expertise (Lockhart 1982).

(6) Inuit development organizations should continue to strive for ways to facilitate their control over economic development of their communities by means of assuming responsibility for programs transferred from governments, and by constantly establishing linkages between Inuit development initiatives, and the government's broader social and economic policies, priorities and strategies (DINA 1986: Government of Ontario 1987).

3. Investment Case Studies

(a) Transportation: Inuit Leasing Ltd. and Air Inuit Ltd.

Inuit Leasing was a private company started in 1977 under the aegis of the Northern Quebec Inuit Association, (NQIA), and in anticipation of the advent of the Makivik Corporation. The stated purposes of the company were to: obtain a more favorable tax position, through incorporation; reduce the costs of airfare between Inuit communities and the South; provide employment and training opportunities; supply safe and reliable transportation to the residents and communities of northern Quebec, and to be a profitable organization. The company was financed by a line of credit of \$1.2 million, guaranteed by the interest accruing on the initial compensation payments.

Late in 1978 Makivik acquired control of Air Inuit by buying all the outstanding shares from the NQIA. Four years after commencing operations the company was reporting an

accumulated deficit of \$2.8 million (Makivik 1981-82: Rudnicki 1979:124).

Also related to the airline operations was a decision by Makivik to establish a restaurant at Inukjuak under the aegis of Air Inuit. The plans provided for an initial investment of \$65,000, and a work force of up to 8 people. The intent was to set up a separate company to operate hotels and restaurants in various communities throughout northern Quebec. The project also was seen as a way of creating employment opportunities for Inuit women to participate in the operation of Makivik at the management, and at the employee levels. The kind of planning and decision making process illustrated here was possible because the leadership in the respective organizations were essentially the same persons wearing different hats, i.e. political leaders, entrepreneurs, financial planners, and administrators etc.

Air Inuit became the largest of Makivik's subsidiaries, partly by expanding in 1984 to absorb less successful subsidiaries such as Chaperal Charters, (a southern based charter operation), Inuit Leasing, and the restaurant operations company, Ayapiqvik Hotels and Restaurants Ltd., and partly by acquiring additional routes from Austin Airways in northern Quebec. Air Inuit operations grew rapidly to serve all the communities of northern Quebec, and also to provide scheduled services to Nain, Labrador and Cape Dorset, NWT, and from Quebec City to the hydro-electric project at LG 2.

By September 1982, the subsidiaries noted above had already recorded accumulative deficits of \$4.4 million dollars, although Air Inuit's own operations were generating a profit: \$961,000 on revenues of \$7.3 million by the end of 1984. But the overall financial position was weaker than these figures indicated as a result of absorbing the accumulated losses of the defunct subsidiaries (mentioned above), a decision to consolidate the debts of another unsuccessful venture--Imaqpiik Fisheries Ltd.--(see (d) below)--, and the need to incur substantial capital costs for additional aircraft to meet the new scheduled services. For the 1985-86 period, the company continued to report financial difficulties, but nevertheless earned gross income of \$1.4 million on \$16 million of operating revenues, and net revenue of \$200,000 after payments of management fees and interest expense (Makivik Corporation 1986-1987).

Although many of Air Inuit's financial problems were not related directly to its own operations, the airline was clearly facing serious financial problems. On the positive side, however, Air Inuit was employing about 140 people of which two-thirds of the jobs were in northern Quebec, and 25% of which were Inuit (Whittington 1986:42-44 and Air Inuit 1985).

For the future, the company was planning to concentrate on the aviation business, to improve the range of services being offered to its clientele and to expand its routes in preparation for the completion of the airstrip improvement

program in the smaller communities, and to take advantage of the planned deregulation of the aviation industry in Canada.

(b) Construction--Kigiak Builders Inc.

This construction subsidiary was incorporated in 1979 and was one of the first investment initiatives of Makivik. Its financial progress reflected many of the normal problems and the economic ups and downs that are encountered by similar organizations in the South, combined with the unique problems of accurately estimating costs in the North, unforeseen transportation and communications expenses, and shortages of a skilled Inuit labour force.

By 1985 it seemed Kigiak had overcome some of its major initial financial and administrative hurdles by being the successful bidder on \$15 million dollars worth of contracts. Among the major contracts won in that year were those with the government of Quebec for construction of an airstrip and a new school in Ivujivik, and one with the school-board for a new school in Kuujuaq. The company was employing about 40 people full-time, of which about 25% were Inuit, and all but six were located in the region. Moreover because of the nature of construction, Kigiak employed a relatively large number of part-time local people in the communities where it had contracts. The fuel oil division, while not large, also was providing a steady profit of about \$100,000 per year, and its prospects looked promising. After about five years of operations, Kigiak appeared to be on the verge of becoming one

of the largest construction companies in northern Quebec:

However, by mid 1986, it had become evident the company had seriously overextended itself, and that it had misjudged the complexity of its major \$5.4 million airstrip and terminal contract at Ivujivik. What also had become evident was that the,

...company was losing or gaining only small margins on its northern construction jobs. While consideration was given to the possibility of expanding the construction activities to include southern work, it was ultimately decided by the Board that the company was getting further and further from its main objectives, and that the results did not warrant such an undertaking (Makivik Corporation 1986-87:25).

In the summer of 1986, after recording over \$5 million in reported losses, the Board decided to discontinue Kiglak's construction activities, except for work in progress. The year-end June, 1986 statements reflected the severity of the companies financial position; a loss of \$1.3 million on revenues of \$7 million dollars. The fuel oil division however was still considered a sound investment, with relatively stable sales and profits.

(c) Services

1. Sanak Maintenance Inc.

In October 1983, an agreement was reached between Makivik and the Ministere des travaux publics et de l'approvisionnement (M.T.P.A.) for a new subsidiary company--Sanak Maintenance Inc--to perform all the maintenance and repair work on the M.T.P.A.'s buildings in the Inuit

settlements for a period of five years. A similar agreement was reached with the Kativik School Board.

The main goals of Sanak were to rationalize and to provide maintenance services to all the entities in northern Quebec, while at the same time keeping all of the Inuit employees who were then employed by the clients of Sanak--amounting to as many as 90 employees in the North, of whom more than two-thirds were Inuit and Cree (Makivik 1983-84).

Despite the addition of some new clients, which helped to distribute high fixed overhead costs, and despite a reported \$250,000 profit on revenues of \$4.8 million in 1984, the hourly rates charged remained uncompetitively high, and the company was never able to convince sufficient northern organizations to use its services, except in emergencies. By June 30, 1985, less than two years after an auspicious beginning, the number of full-time employees had been cut-back to 34 people; most of them in the North, and about two-thirds of them Inuit and Cree.

For the year ending June, 1986, the company had reported accumulated losses of approximately \$1 million, with much of the loss being attributed to the decision to retain Inuit employees who had transferred from the Kativik School Board, and other clients, when Sanak had taken over their maintenance operations. Because the situation was still deteriorating and even higher losses were anticipated, the Makivik Board decided to terminate Sanak's operations in the 1986-87 fiscal year.

In making the decision the Board stated its conviction that the rationalization of maintenance services in the North remained a desirable goal. However in order to achieve the objective, the problems of attracting qualified management to the North would have to be overcome, more reasonable wages and prices would have to be established, and more local rather than relocated workers from the South would have to be engaged (Makivik Corporation 1986-87:23, Whittington 1986:45).

(2) Kigag Travel Inc.

The smallest of Makivik's subsidiary was established to expedite northern travel for the corporation, its subsidiaries, and other northern organizations such as the KSB. On sales of as high as \$1.5 million in 1986, the company was generating commission revenue of \$127,865, which was about \$20,000 less than the cost of its operations. The relatively small annual losses were not considered significant however, and the company continued to be operated because of the services it provided, and because of the overall savings in administrative costs (Makivik Corporation 1986-87:21).

(d) Renewable Resources

(1) Inaqpiq Fisheries Inc.

In 1979 Makivik obtained a licence to harvest shrimp, with a maximum potential of 2,000 tons in the Davis Strait. A 160 foot trawler was chartered, and a Norwegian crew was hired for the first season. Their role included the training of over a dozen Inuit in the business of shrimp fishing. Makivik's

reported investment of \$1.25 million included provisions for research to identify suitable stocks of shrimp, halibut and cod in the Ungava region, and a feasibility study for a processing plant at Port Burwell (Rudnicki 1979:125).

During the first two years of operations, (1980-1981), 90 and 120 days of fishing were lost because of planning problems, or lack of appropriate licencing agreements. This led to a substantial scaling down of operations, the closing of the Kuujjuaq office, and the laying off of Inuit fishermen. At the end of the three financial years ending September 30, 1982, the company had already recorded accumulated losses of over \$5.3 million; and the trend was downward despite a relatively successful 1981 fishing season.

Because of the continued unprofitability of the fisheries the Board directed that the operations cease and that the fishing vessel "Luumaq" be sold (Makivik Corporation 1981-82). By 1985, Imaqpi's operations were effectively wound down, and the accumulated losses of over \$6.3 million had been absorbed by a reorganized Air Inuit (1985) (Makivik annual reports).

Some of the main reasons for this unsuccessful foray into the fisheries sector merit close scrutiny, because of their impact on a later important initiative by a new Makivik subsidiary--the Seaku Fishery Inc. The reasons suggested were that Makivik had somewhat naively entered the off-shore shrimp fishery without realizing the complexity and volatility of this

type of fishery, and without having a pool of expertise available. In addition Makivik had to overcome the problems of training Inuit in the use of new equipment and there was no clear idea of the quality control and operations efficiency required by the market. Finally Makivik did not have joint venture partners to share the risks, and to provide the practical management experience required in this business.

(2) Seaku Fisheries

Seaku Fisheries Inc. was established in June, 1986 to avoid losing the fishing licence of the then defunct Imaqpiq Fisheries. The company was initiated under the assumption that Makivik would not invest its own capital for vessel operations, and that it would work under joint venture arrangements with other partners who had appropriate expertise, financial, and marketing resources.

The objectives were to develop a regional strategy for fisheries development, to protect the use of the fisheries resources for the future of the Inuit, and to create new job opportunities. The strategy expected certain benefits to flow from the development of these resources. They included net profits to support the development of the subsistence fisheries sector, fisheries developmental studies, direct employment for Inuit, and the development of a network of contacts and resources within the fishing industry, and with other Native development corporations (Gillis 1986:5-6).

In 1986 shrimp fishing operations were successfully carried out in Davis Strait using a contracted vessel from Denmark, and in addition a joint venture operation in Hudson Strait and Ungava Bay was undertaken with the Labrador Inuit Association. After just two months of operations (to September 30, 1986) the company had already recorded profits of \$30,000 with virtually no investment of its own funds.

The company developed a fisheries policy which recognized that fisheries had always been an important cornerstone of Inuit life in Quebec, and that insured controlled development of the fisheries in the water adjacent to northern Quebec. The policy distinguished between commercial development of fish species and the traditional harvesting of fish for subsistence use, and it concentrated on the development of known resources of the area such as shrimp, turbot and scallops (Gillis 1986). It was acknowledged that the commercial development of the fisheries might create some conflict with the subsistence use of these resources,

...which though its importance is easily overlooked, likely remains the single most important component of today's mixed economy of the region...[To avoid this happening, efforts were planned to increase the recognition of the continued importance of subsistence use of resources and to put in place policies that would]...deflect the drive to enhance the employment economy away from the traditional resource sector...toward the non-traditional resource sector (Gilles 1986:2).

By the end of 1987, it appeared all of the major goals of the company were being achieved during a second successful year of operations. Seaku had entered into a joint venture with

a commercial fishing organization--Farocan--that provided the fishing vessels, operating expertise, and marketing and quality control experiences, and with the Qiqitaaluk corp., a regional arm of the Nunavik Development Corporation. These joint ventures underlined the economic value of the fishing licenses which had been awarded to the Native development corporations, and foreign fishing companies realized their future presence in Canadian waters was dependent on joint ventures with Canadian fishing organizations.

A pool of 10 experienced Inuit off-shore fishermen had been built-up, and it was forecasted there would be a need for as many as 50 Inuit required on a rotating basis for the two fishing vessels that were expected to be in operation in 1988. The staffing arrangements were such that the Inuit effectively were co-venturers on the vessels (i.e. sharing costs and revenues) and the experience to date was that the Inuit could earn as high as \$20,000 for the successful completion of a 2-3 month voyage. It also was speculated that in future the work might be made attractive for Inuit family units and for women, because the majority of the activities on board the vessels was "factory work", involving the cleaning and packing of fish.

As a result of projected net profits of over \$500,000 for its first complete year of operations, a 1987-88 research program was proposed calling for a significant amount of development-oriented research to be done either by Seaku or by the Makivik Research department, and in cooperation with

commercial organizations, and other Native development organizations. This included research on off-shore and in-shore scallops, Arctic char, and the possibilities of a fish culture project in northern Quebec (Seaku Fisheries 1987).

4. Makivik's Financial Experience: A Chronology

During its early years, Makivik underwent a rapid expansion of its interests and its economic development activities; with financial results that too often were quite unsuccessful. In the course of pioneering the operating principles for Inuit-owned ventures in Canada, many difficulties were encountered (mostly attributed to management inexperience) and a few very expensive lessons were learned,

...there are enormously high start-up costs; there is an almost complete lack of solid economic base in northern Quebec; and the heavy dependence by the North on southern expertise means that we have a long way to go in achieving northern self-sufficiency (Makivik 1981-82:3).

By the end of September, 1982 after five years of actual and projected operations Makivik had accumulated \$8.1 million in net revenues, but losses of its subsidiary companies had accumulated to almost \$13.6 million, resulting in a net loss position of \$5.3 million (See Figures 3.4 and 3.5). The staff of the Corporation had then grown to about 63 persons; 23 working in the North, and 40 working in Montreal and Quebec City.

As a consequence of the poor financial situation a tighter system of financial controls was established during the

Figure 3.4
Makivik Corporation and Subsidiaries Net Income (Loss) Yearly
Since Inception to September 30, 1981 and Projections for
the Year Ending September 30, 1982
 (Source: Makivik Corporation, Annual Report 1981-82)

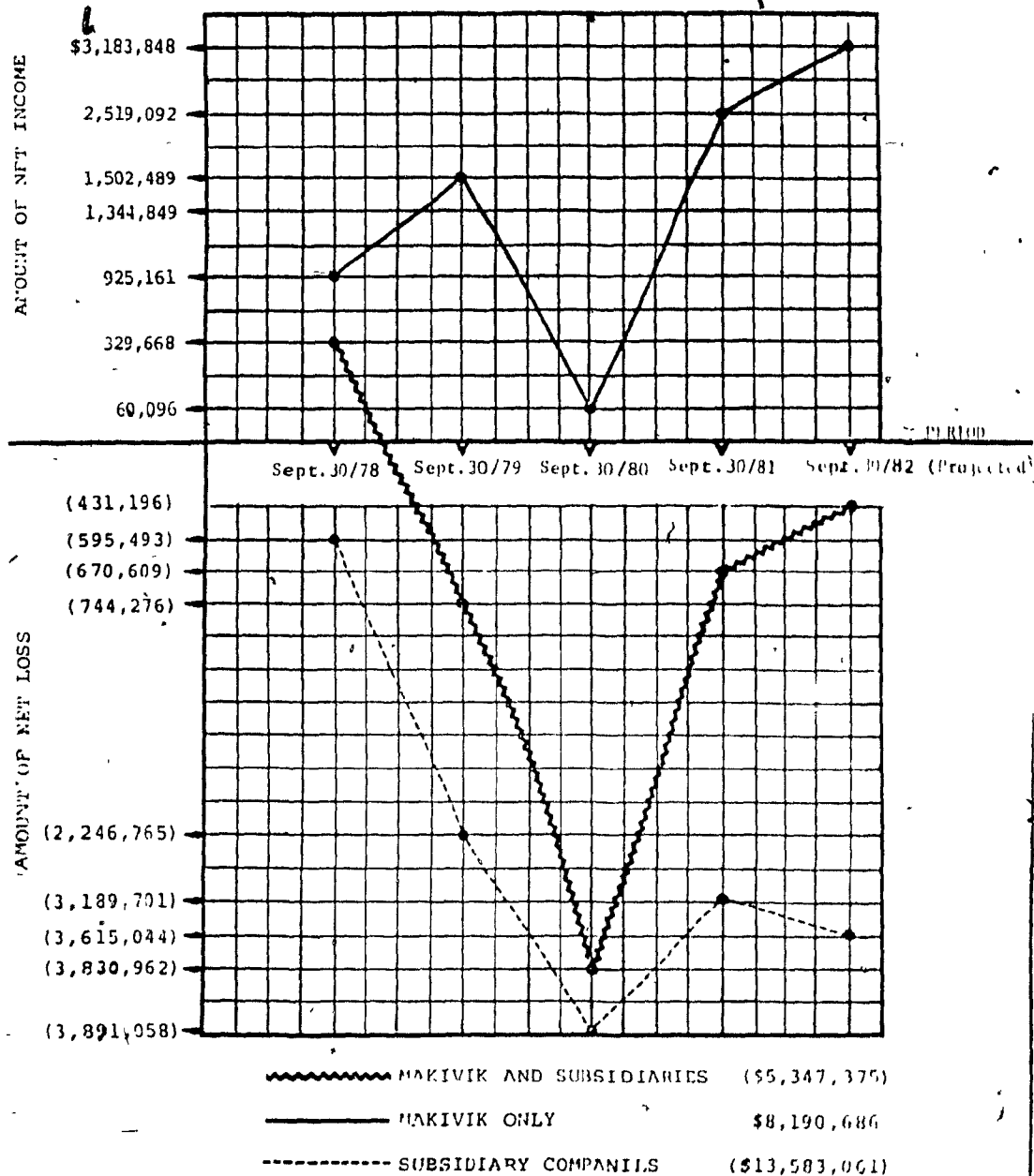
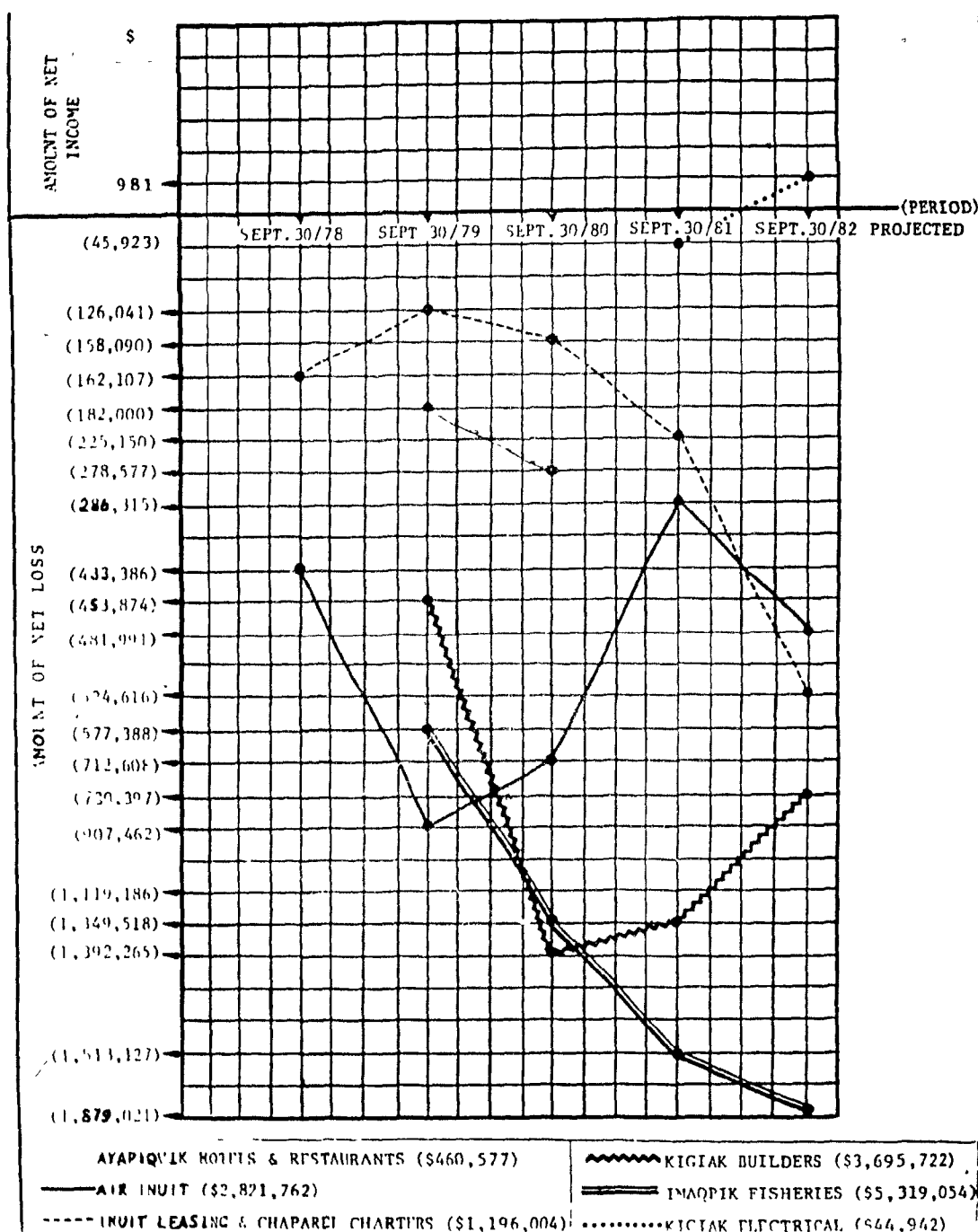


Figure 3.5
Subsidiaries of Makivik Corporation Trend of Net Income (Net Loss) From Inception to September 30, 1981 and Projections For the Year Ending September 30, 1982
 (Source: Makivik Corporation, Annual Report 1981-82)



winter of 1979-80. The Board also resolved in future to operate only on the interest received from the compensation funds (and not the capital itself) and to focus more on community development activities. Progress on the last goal was to be achieved by allocating \$5 million to the Landholding Corporations over five years, and by establishing a community development fund.

By the end of the 1982-83 financial year a slow but steady improvement in Makivik's financial performance already was being seen. Although Makivik was still in a loss position, and was still financing the losses of some of its subsidiaries, it was anticipated the expected sale of some assets from the failed ventures would soon help alleviate the loss position. A five-year plan was formally implemented in 1982, to reduce the bank loans of Makivik and its subsidiaries (\$14.7 million at the beginning of 1982, which with the combined deficits of the subsidiaries, meant that the Corporation had actually dipped into its compensation capital), to phase out unsuccessful operations, and to liquidate unnecessary assets.

The 1983-84 financial reports showed that the bank loans had been reduced by almost 50% to \$7.8 million, and there had been a net capital growth in the compensation fund equivalent to almost \$3 million. These results had been achieved by closely following the five year plan, by an improvement in the financial results of some subsidiaries, and by the sales of some high-cost assets. The Corporation also was benefiting from

a substantial improvement in income from its \$22 million capital portfolio (at an interest rate of about 15%) and by a decision to shift its investment towards higher yielding securities and stocks. This period also was marked by an apparent effort by the Corporation to tap more systematically into existing and new provincial and federal funding programs e.g. job-creation and training programs, the Native Economic Development Program (NEDP), and programs to improve airstrips. As the Corporation increased its activities the number of staff positions also grew; of the 262 permanent employees, 106 were Inuit.

In 1984-85 Makivik's financial situation continued to prosper, and its net worth, (excluding compensation capital funds) grew in line with the five-year financial plan. During the year ended September, 1984 the net worth increased by \$1.8 million, partly as a result of better than forecasted yields on the portfolio investment of about 14%. Although the financing of Landholding Corporations had been terminated in October, 1984 increasing amounts of money were becoming available through the community development fund; \$425,000 in 1985.

The overall financial condition of Makivik remained healthy during the fiscal year ending September, 30, 1985 despite the fact that the losses of Kiglak and Sanak (\$652,000) virtually ate up all the \$748,000 profits of Air Inuit (1985) and the Kigaq Travel Agency. Three years into the five-year financial plan cumulative revenue had exceeded cumulative

expenses by \$6,500,000--some \$470,000 less than projected in the plan. However cumulative losses in the subsidiaries (\$2.8 million) also were \$250,000 less than projected. The result was that the Corporation had \$3.7 million in net income to use for reinstatement of capital, community development projects and venture capital;--only \$200,000 less than projected at the start of the plan in 1982. The net worth of the corporation increased from \$4.7 to nearly \$8 million; mostly accounted for by investments in the fixed assets of Makivik. Although interest rates were declining the Corporation was able to achieve a return of 10% on its investment portfolio. In accordance with the plan, \$1 million of the net income was set aside to be used for development projects.

The 1985-86 year was not a good one financially, due largely to increased operating expenses, and a difficult year and collective losses by Kigiak and Sanak of almost \$1.8 million. A new five-year plan was accepted calling for the setting aside of 20% of net income each year for reinstatement of capital, and for the allocation of the remaining net income equally between community development projects, and new business ventures. An amount of \$2.3 million for these latter purposes was projected for 1986, rising to about \$4.4 million by 1991 (Makivik 1981-1987 and "Makivik News" Dec.1986-Jan.1987).

Chapter IV

Assessment Of Makivik's Investment Strategy

A. Introduction

An assessment of the strategic investment choices to be made by Native development corporations can be approached from a sectoral basis, e.g. development of renewable resources or tourism, or from the point of view of an appropriate institutional mix, e.g. private sector, joint ventures, or cooperative-type organizations etc. An assessment also can focus on the strategic choices made with respect to the locus of the socio-economic initiatives made; whether they have been community-based, regional, or pan-regional. A third level of assessment can be made with respect to the way in which Native development organizations have organized themselves to handle their political and economic roles, and their relationships with other Native organizations, governments, para-governmental organizations, and the private sector. Alternately a development corporation could be assessed simply on the basis of the overall management of its compensation funds, and the ways in which the corporation has handled its responsibilities for certain land holdings. Finally, an assessment of an NDC's operations could be made on the basis of the overall progress achieved in accomplishing its various objectives.

It is preferable that a review of any Native development corporation should clearly try to consider the socio-economic

impacts of their investment strategy within a very broad political and socio-economic framework. Nevertheless, it should be recognized that comments on the effectiveness of the operations of NDCs at this point in time would have to be tempered by a frank acknowledgement of the complex environment these corporations have had to work within, and the relatively short history of their operations.

B. Makivik's Investment Record

Makivik has devoted considerable organizational efforts and investment funds--some \$40 to \$50 million over a ten year period--to broaden and to improve the social and economic base of the communities, to enhance the return on their compensation funds, and to increase the availability of jobs and income for the Inuit of northern Quebec.

With respect to the mix of sectoral and institutional choices made, it would appear that Makivik's investment decisions have been reflections more of regional idiosyncracies, perceived opportunities, and timing considerations, than of explicit ideological preferences, or a clear developmental strategy for the region and for the individual communities. It is indicative of the slow progress being made in the area of strategic planning that ten years after the signing of the Agreement many of the key aspects of a regional or community development plan were still unresolved, and the various Native controlled entities were still attempting to rationalize their respective developmental roles,

and to define their organizational "turfs" (Makivik Annual Reports, Enchin 1987, Harvey 1987, Smith 1987b:C1). During the mid-1980s this led to a situation where the Inuit population was increasingly showing a somewhat ambivalent attitude towards a range of social, political, and economic development matters.

The commercialization of caribou hunting was a case in point that illustrated the paradoxes which the population and Makivik were facing in making its investment choices (See Chapter III for background). On the one hand the Northern Quebec Economic Development Conference, held in 1985, concluded that subsistence harvesting must be the primary consideration of any development and investment strategy. It also was determined this aspect of the harvest must be protected at all costs, and that all Inuit must be the beneficiaries of such harvesting. On the other hand various private Inuit entrepreneurs had expressed interest in harvesting and in marketing the Caribou herds of northern Quebec, and studies by the Government of Quebec had indicated that the commercial harvest was not only economically feasible, but was ecologically desirable. Further, one of the basic policies proposed for virtually every NDC in Canada was to encourage Native people to become self-employed entrepreneurs in areas where they were culturally comfortable (Whittington 1986:72, McLeod 1985).

How an investment strategy could be devised that would reconcile the contradictory economic principles and social

values of private enterprise, with the communal social attitudes of the Native people remained to be seen. Nevertheless there were indications that innovative investments, exemplified by the Seaku fisheries project, might point the way to an appropriate solution to these kinds of problems.

The choice of capital vs labour-intensive investment strategies was clearly related to the question of sectoral options discussed above. As has been noted by many development specialists, if profitability of investment were the only measure of success then capital intensive projects would beyond doubt be the best investments for NDCs.

Moreover, if other variables are ignored completely, the most logical investments would likely not even be in the North. However, condominium complexes in Florida, for example, although promising a high potential return on investment, would provide no jobs or training for northern natives, would do little to stimulate the northern economies, and would add little in the way of community service to the citizens of the North (Whittington 1986:68).

Makivik's experience with Air Inuit, Kigiak, and Sanak illustrated the complexity of making a choice between profitability, and the other goals of sound development such as jobs, and a better quality of service in the North. All of these investments were in many ways "good" investment choices for improving service, for stimulating the community economies, and for creating job and training opportunities. But

in all instances they proved to be examples of Makivik thinking too big, too soon.

It may be instructive that of the three subsidiaries mentioned only one--Air Inuit--was still functioning by the end of 1987; and even then it was earning only a modest return on investment. Air Inuit's continued existence appeared to be due largely to a series of tough Board decisions that rid the Corporation of unprofitable extraneous operations (e.g. restaurants, and the air chartering activities in the South) and a resolution to focus on improving its aviation services to the northern communities. Nevertheless this investment was often criticized (and was sometimes jokingly referred to as "Air White Man") because it was largely run by non-Natives, and appeared to be ignoring one of the primary goals, which was to create jobs for its constituents. In 1987, for example, only 30 Air Inuit jobs of a total of 120 positions were reportedly filled by Inuit (Enchin 1987:BI-B2, Smith 1987b: C1)

The choice of an appropriate entrepreneurial mix was mentioned previously as another key indication of the effectiveness of an NDC's investment strategy. At least in the early years Makivik appeared to have concentrated its investments on wholly owned pan-regional subsidiaries--as distinct from, for example, joint ventures with the private sector, or investments in regional or community development initiatives such as the land-holding corporations, or local institutions such as the cooperatives.

After some pressure from shareholders and the communities Makivik changed its entrepreneurial mix and began to direct substantial funds to the landholding corporations, to a separate community development fund, and to a joint venture, in the case of Seaku. As a result of further shareholder pressure Makivik also appeared to be changing its views concerning the multiple political and economic roles of the Corporation, and its relationships with other Native development organizations.

This was evidenced by a proposed move in 1987 to establish a separate \$8 million community development corporation which would be better equipped to respond to community capital needs, and which would concentrate on providing venture capital and other resources to individual or locally-based projects without being unduly influenced by the Corporation's political and financial guardianship roles (Smith 1987a: A1). It was argued that the overall legitimacy of NDCs could be strengthened if their political and economic roles were exercised through separate entities, because these roles required different channels of access and pressure tactics with government decision-makers, and different connections and alliances with potential partners in the private sector, and even, with other native organizations (Whittington 1986).

By the mid 1980s, after a relatively short time-frame of experience, there appeared to be a consensus among NDCs that

economic investment strategies required a different perspective, and different organization skills, than political development issues such as self-government, and the place of Aboriginal people in the Canadian confederation. As one NDC Director commented when asked why their development corporation had run into so many financial difficulties,

Too many people controlling the development corporation led to a breakdown in... [the decision making process]....Our major problem was we kept looking for political leaders to run our businesses (Huggard 1986:6).

What has often been referred to as the "cruel contradiction" faced by NDCs has made it difficult to access their respective roles as guardians of compensation funds, and the Native land settlements. The NDCs have faced the almost impossible task of investing their compensation funds, and using their land-base for purposes of protecting, or better still enhancing their investment capital, while at the same time trying to use a certain proportion of these funds as leverage for promoting the short-term welfare of their constituents.

In a corporate world which was strange to many Native people, the new power structures such as Makivik were constantly struggling to find the right balance (Fisher 1987). In the main it appeared that most NDCs had taken the position that investments of compensation funds were to be made first on the basis of economic soundness, before any social returns were considered. How would this kind of investment strategy benefit people at the community level? The response probably varied

with each Native entity, but the investment rational seemed to be based on the "trickle down" economic theory. "First you have investments, then employment opportunities", the Manager of the Inuvialuit Development Corporation (IDC) was quoted as saying.

This strong reliance on financial investments, rather than active business or community development, led to criticism of some NDCs about the misuse of compensation funds. The former head of the Committee For Original People Entitlement (COPE), in commenting on the investment strategy of the Inuvialuit Development Corporation (IDC), stated that too much money was being put into high return investments with the result, "that the poor Inuvialuit keep starving" (McLeod 1985).

For other NDCs, such as the Metis Development Corporation (MDC) the strategy was to try and pass on benefits to the people by encouraging the entrepreneurial spirit of the Metis, and by staying out of the way of the regional development corporations and small community-based businesses. Their position was to act as investors, rather than employers. The Yukon Indian Development Corporation (YIDC) appeared to have taken a wider interpretation of their role, but nevertheless to have focussed on the support of small business with expertise and cash, and on community-based development activities by providing "...services that will enhance band corporations, invest in businesses that yield return at least

possible risk, and to provide employment opportunities" (McLeod 1985). The position of the Nunasi Corporation in the Eastern Arctic was to review investments from the point of view of job creation or training operations. Their ultimate goal was to have 100% Inuit trained management to run the Corporation.

For comparison purposes the investment attitude of Makivik has, at one time or another, appeared to compliment all the above positions. The initial goals of its aggressive investment strategy appeared not to have been clearly drawn, but to have been based on opportunism and the attractions of high-profile, prestige projects. They created little employment and had little immediate, visible, and positive impacts at the community level. According to some views these projects "hit the skids, because of irresponsible workers", and "mismanagement" (Smith 1987b: C1).

Nevertheless, even by the early 1980s the Corporation already had adjusted its investment strategy by: successfully implementing the first five-year financial plan; scrapping or reorganizing most of its subsidiaries so that by 1987 they were on a much sounder financial footing; rationalizing its internal operations to cut costs; taking the necessary steps to delink the political and economic aspects of its operations, and to begin working with the KRDC, the KRG, and the FCNQ to establish a separate regional development organization. Finally Makivik implemented a second five-year plan that would take the corporation into the 1990s, which would focus on the

reinstatement of capital through a more conservative venture-capital program, and that would support development initiatives at the community level.

Chapter V

Final Observations

A. Introduction

It is beyond the purpose of this thesis to offer either prescriptive conclusions concerning socio-economic development policies in northern Canada, or the efficacy of the investment strategies followed by Native development corporations in northern Quebec, or elsewhere. Nevertheless the review of development policy statements plus the observations referred to in the earlier chapters on the actual operations and investment experience of other Native controlled entities, lead inevitably to some speculations about future development scenarios for northern Quebec. These are discussed below in rough order of importance.

B. Self-Government

The arguments of Makivik and every other Native development corporation in Canada, the unanimous views of almost every important contemporary study on northern development policies, and the official views of most of the governments in Canada, are consistent on one point (Government of Canada 1987a). Self-government is undoubtedly the ultimate way to revolutionize the economy of the North, and to radically improve the socio-economic status of Native peoples everywhere.

In whatever formats are eventually agreed upon, Native self-government would most likely include, at least, the devolution of responsibilities for social and economic programs, and policies such as block-grant funding.

The Federal Government believes that significant tangible benefits would result from explicit constitutional recognition of aboriginal self-government rights. This approach would provide for self-government based on aboriginal peoples taking responsibility for their own decisions rather than having decisions made for them; based on self reliance rather than dependence; based on pride and a sense of self-worth (Government of Canada 1987a:11).

After decades of often frustrating negotiations, what made Native people think they could achieve self-government? The answer seemed to be "If you can dream it, you can achieve it" (Kennedy 1985:80).

Within a broad political framework of self-government Native development corporations would undoubtedly have a major role in the economy because of their potential for fostering enhanced economic power on behalf of the Native community. Such economic prestige could not help but increase the political power of the Native community in the Canadian political process (Whittington 1986, Smith 1987b: C1).

In the latter part of the 1980s it was becoming evident that evolutionary forms of self-government were destined to be a reality for northern Québec. They would reflect more accurately the social, economic, and cultural needs of the Inuit communities. But incidentally they also would be helpful.

in clarifying the roles, and in democratizing and improving the accountability of the operations of the various Native controlled entities there. Although some of the impetus for new forms of self-government could be attributable to dissatisfaction with the Agreement and the implementation process, it also was just as likely to be a reflection of a heightened understanding of the democratic process, and a more mature, confident attitude among the Inuit about their cultural future (Smith 1987b: C1, Enchin 1987:B1-B2).

C. Socio-Economic Objectives

NDCs have learned from experience about the problems encountered when they attempted to blend Native socio-economic objectives with corporate investment goals. The process of linking objectives and investment goals was often called strategic planning, and while the actual process varied from situation to situation, more and more NDCs were acknowledging that such planning was a fundamental first step prior to the actual launching of an investment program (Huggard 1986).

Makivik was established with certain very general objectives in mind (see Chap III), without there being any obvious prioritization of programs or projects, and without there being a general notion of how progress on the different objectives could be publicly monitored or evaluated. To ascertain how development objectives were being achieved, and to be in a better position to hold their leaders accountable for making progress, it is likely in future that certain

standards would have to be established for NDCs, such as Makivik, that would serve as indicators of Native economic self-reliance and self-sufficiency.

Examples of these investment standards might take the following forms;

(a) The creation of, and improved access to, targeted numbers of meaningful, rewarding, and secure jobs.

(b) Enhancement of economic and employment options (measured in number of positions created etc.) for males and females alike, in Native and/or mainstream economies.

(c) Establishment and expansion of, and strengthened, Native-owned and controlled businesses and enterprises.

(d) Creation of Native-owned and controlled wealth, as measured in terms of financial capital, and community capital.

(e) Specific Native training programs for improving human skills and organizational capacity.

(f) Improvement in standard measurable indicators of overall economic, social, and environmental conditions and performances so as to monitor improved financial security, employment equity, and economic choices for the population; with a consequent decrease in dependence on government welfare-type support programs (Ontario Native Affairs Directorate 1987).

D. Government Roles

The relative size and potential impact of the investment capital controlled by the NDCs compared to the much larger

aggregate of government socio-economic investment capital, had always be kept in perspective. For example, in 1975-76 aggregate federal government expenditures in northern Quebec was in the order of \$60 million, while the leverage of annual capital expected at the time, to be in the hands of the Cree and the Inuit, was \$13.5 million i.e. a ratio of about 25% of government spending. This percentage also would have to be considered a maximum amount, because a certain amount of the NDC investment revenue would have to be committed to social programs, and other non-economic activities (Snowdon 1982).

What this meant was that the impact of government direct and indirect spending was always going to exceed, by a large degree, the financial leverage that Native organizations could ever expect to have to promote economic development. An increasing population, and the rapid growth in the potential labour force, would tend to more than offset the effects of any realistic estimates of increased revenues generated by the NDC's own investment capital.

To put this into perspective, it is worth bearing in mind that the Inuit received a cash settlement of only about \$20,000 per capita to be paid out over 20 years according to the Agreement. This compared to total federal and provincial government per capita spending in northern Quebec, on social investments and transfer payments, which amounted to nearly \$27,000 annually as of 1986, and an estimated \$60,000 of venture capital that was required to create just one new job in

northern Quebec (Snowdon 1982, Smith 1987a: A1). The prevalent misconception among the shareholders of Makivik, and possibly among certain governmental circles or the public, may be that Makivik and other NDCs had relatively significant funds for investment purposes. As the above figures suggest this was certainly not the case. It could therefore be anticipated that NDCs would remain dependent on substantial government funding to support their development programs, and that governments would in future pay more attention to funding initiatives that are supportive of Native self-government and self-reliance.

For their part the most successful NDCs in future may be those that learn how to adjust, design, or even "repackage" their investment projects to fit the priorities and programs, and the ideological philosophies of the governments in power, to improve their skills at accessing the many sources of investment funds and programs that already are available (and which are often not fully used), and to monitor very carefully how the control and evolution of their development can be improved by future changes in national social programs, e.g. a guaranteed income-security program, a national day-care program, or a national training or "workfare" program (Department of Indian and Northern Affairs 1987).

E. Inuit Cultural Values

Whatever investment strategy is followed by the NDCs it is evident there has been, and will continue to be, a significant shift in social values and cultural traits among

the Native peoples. By their actions since the Agreement, the Inuit of Quebec had demonstrated they preferred independence over communal handouts, and they seemed prepared to make the leap from working at a traditional lifestyle to experimenting with modern-day entrepreneurship and enterprise. In a 1987 study it was found, for example, that the percentage of the labour-force earning a living at traditional occupations (sculpting and trapping etc.) had declined from 41% to 7% since 1953, and that this was largely related to the increase in salaried government jobs; from 16% to 65% over the same period.

There also were other indicators, referred to earlier concerning the substantial interest of Inuit in creating their own businesses, their willingness to move to find employment, their participation in retraining programs, etc. that suggested that fundamental changes were already occurring rapidly within the centuries old Inuit lifestyle. Some observers were fearful this culture would be lost, but many Inuit appear to be willing to accept some diminution in certain of their cultural values in return for greater socio-economic and political self-sufficiency. In the view of the head of Makivik,

Most of the guys crying are {people} who want the Inuit to stay the noble savages that they thought they were. I'm sorry, we are not here to live up to anybody's expectations or cultural prejudices (Enchin 1987).

F. Developmental Approaches and Tools

Some important developmental approaches and tools were already becoming evident in the mid 1980s. Community-based

development and encouragement of small businesses are examples noted in the preceding chapters. For the future, the adoption of other approaches were indicated as follows;

(a) The importance for NDCs to focus on building an organizational capacity so that Inuit equip themselves to plan and direct the elements necessary to improve socio-economic development. This translates into a vastly improved system of education, and innovative experiential-based training, to try and salvage a youthful population that had been decimated by factors such as a generally ineffective school system, wasteful or irrelevant training programs, a welfare economy, and an inefficient and overly costly government bureaucracy.

(b) The development of government programs that are oriented to address the full range of opportunities that are uniquely available to Natives in the North. Program opportunities in the fields of environmental research and monitoring, national security and defence, and education or adventure-oriented tourism, are examples.

(c) The pace of development, and the forms and mechanisms for program delivery would more likely take into account the levels of development priorities, and the capacities of the Inuit population and their communities. An analogy is that the rate of change experienced by Natives in the past, as they grappled with a capitalistic society, has been equated to giving a group of stockbrokers 20 years to learn how to live by catching whales (Reed 1987).

(d) The fostering of development strategies that would permit differentiation along several dimensions to embrace specific economic sectors e.g. renewable resources or tourism, and specific programs and services, e.g. training and business advisory services, as well as a variety of institutional formats such as joint public/private ventures and worker cooperatives, and native investment banks (Tribal Assets Management, Native Venture Capital).

(e) The realization among Native people that NDCs already had made a substantial contribution to the,

...development and enhancement of native political, business and organizational skills, and with them a sense of pride and accomplishment not only among the top corporate leaders, but at other levels in the native social structure. Perhaps the expectations that they must sink or swim in a competitive business world contributed to these positive consequences, and to the real economic successes of some of these corporations (Parsons 1984:50).

(f) Finally, it would be generally recognized there was no all-embracing approach, or a universal model, for successful Native development corporations to follow. A variety of new and innovative development tools were going to be required by the NDCs, and the other Native entities, to achieve the level of sustainable, balanced, and long-term development that was desired by the Inuit of northern Quebec.

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